

Ford Motor Company



The Ford Motor Company is an American multinational automaker headquartered in Dearborn, Michigan. Founded in 1903 by Henry Ford, the company has become one of the largest producers of trucks and cars in the world. Today Ford has operations in more than 30 countries, and employs more than 180,000 employees around the globe. Additionally, thousands of enterprises worldwide supply Ford Motor Company with goods and services. Indeed, the company's annual sales figures exceed the GDP of many countries.

Ford's presence in Thailand dates to 1960 when the Thai Motor Industry Company, a joint venture between Anglo-Thai Motors and Ford U.K., began assembly operations. In 1973, the joint venture was incorporated as a wholly owned subsidiary, Ford Thailand, but closed in 1976. Almost two decades later, Ford re-entered the Thai market in 1995 with the formation of AutoAlliance Co. Ltd. Located in Rayong province, AutoAlliance is a 50-50 joint venture between Ford and Mazda. The facility produces Ford Ranger pickup trucks and Mazda Fighter B-series, and represents a total investment of \$1.85 billion. .

Ford Motor Company established its ASEAN regional headquarters in Bangkok in 2003, from where it manages the production, distribution, sales and servicing of Ford brand vehicles for all ASEAN markets. In 2010, with its Thailand operations leading the way, Ford began a product-led transformation of its business across the ASEAN region with the launch of the all-new Ford Fiesta subcompact. Soon thereafter, a newer Ford Ranger pickup model was launched in 2011, followed by the third generation Ford Focus compact in 2012.

Since 2011, Ford has been one of the fastest growing automotive brands in Thailand, and has outpacing overall industry sales and gaining market share. The company is supporting its extraordinary growth in Thailand with an aggressive expansion of its nationwide Ford dealer network, which had totaled 140 locations by the start of 2014. Moreover, in January 2014 Ford Motor Company celebrated the official start of production for the all-new Ford EcoSport urban SUV at its advanced Ford Thailand Manufacturing (FTM) plant in Rayong.

FTM became the fourth plant globally to build the EcoSport, joining Ford facilities in Chennai, India, Chongqing, China and Camcari, Brazil, thereby reinforcing the strategic role of Thailand as a volume production and export hub in the region. Initially, the Thai-built models will be for domestic sale and export to ASEAN markets; later, the EcoSport will be sold worldwide. Similarly, in March 2014, Ford revealed the Ford Everest Concept at the Bangkok motor show, and the manufacturer confirmed it will build the production variant in Thailand for global export.

Recently, the Thailand Investment Review team had the opportunity to meet and speak with Mr. Matt Bradley, president of Ford ASEAN, a position he assumed in August 2012. Mr. Bradley is responsible for managing and growing Ford's integrated operations across the ASEAN region - including Thailand, the Philippines, Indonesia, Malaysia and Vietnam - as well as the company's Asia Pacific Emerging Markets unit. He also oversees Ford's ASEAN manufacturing operations, which includes two plants in Thailand - the new, US\$450 million state-of-the-art Ford Thailand Manufacturing, and AutoAlliance Thailand joint-venture facility - as well as a plant in Vietnam.

A number of questions were posed to Mr. Bradley in order to put together a comprehensive picture of Ford's business operations in Thailand.

From the onset of the interview, Mr. Bradley accentuated that Thailand is Ford's ASEAN hub and will continue to serve in this capacity. During the mid-1990s Ford undertook its first large-scale investment in Thailand regarding sales and service and was involved intimately with the creation of AutoAlliance Thailand. These were momentous chapters for Ford, but Mr. Bradley highlighted 2010 as being a "turning point", where there occurred additional investment in Thailand as there was a recognition of the various opportunities offered by ASEAN. Then in 2012 Ford Thailand Manufacturing was established, close to its joint venture facility in the Eastern Seaboard.



Presently, Ford has 10,000 employees between its wholly-owned and joint-venture facilities in Thailand, of which 9,600 fall under the category of manufacturing staff in Rayong and another 400 staff in the Bangkok office that serve the Thailand/ASEAN markets. Most of the company's employees are Thai nationals, with expatriates comprising a single digit percentage, predominantly at the executive level. However, Mr. Bradley did stress that the aim of Ford is knowledge transfer to Thai employees. Indeed, Ford invests substantially in improving the skills set of its local staff. For instance, overseas training is provided and such a program of "continuing education" enhances Ford's ability to attract talent and to retain employees. Equally important, the company's workforce reflects well the Thai consumer base that Ford is targeting with its marketing campaigns.

Ford (Thailand) is a BOI-promoted company. Affiliated companies of Ford Motor Company in Thailand include Ford Sales and Service (Thailand), as well as Ford Motor Company (Thailand), and its AutoAlliance (Thailand) joint venture.

Since 1995, Ford has invested approximately US\$2 billion in Thailand. Mr. Bradley reiterated that regulations implemented by successive Thai governments have been very supportive towards the expansion of Ford's operations. To be precise, Thailand is a country where "consumers can purchase and manufacturers can produce". An illustration of this positive trajectory is that Ford's retail sales growth tripled in volume from 13,636 units in 2010 to 51,223 units in 2013, and more than doubled in market share from 1.7% in 2010 to 4.4% this year. It is difficult to find or to beat such a business-friendly environment.

Regarding the Board of Investment, Mr. Bradley was quick to declare that it is open and transparent as well as being stable and consistent in its approach to dealing with foreign enterprises. These qualities engender business confidence not only in Thailand but also in the BOI. He expanded by saying that there are regular meetings between Ford and BOI and that the channels of communication between the two are good. For Mr. Bradley and Ford, the BOI is a reliable partner and a strong advocate of proposals involving Ford Thailand Manufacturing.

Essentially, Thailand functions as a volume center and a regional operating headquarters for Ford. It also is the manufacturing hub of the Ranger pickup, Everest, Fiesta, Focus, and EcoSport. Mr. Bradley pointed out that ASEAN as a consumer market is attractive. The region possesses a rising middle class, higher disposable personal income levels, lifestyle changes, greater mobility, more reliance on vehicular transportation, and relatively healthy economies. As such, Ford has a long-term commitment to ASEAN with investment in manufacturing, retail, human capacity. One of the primary appeals of the region is that ASEAN has one of the lowest vehicle densities in the world. However, this feature has triggered increased competition in the ASEAN market, which, in turn, has spurred innovation and efficiency within the auto industry.

Ford's Thai operations are export-oriented, primarily serving the ASEAN region, as well as Australia and New Zealand. Mr. Bradley stated that the reasons for Thailand to be Ford's manufacturing hub revolved around some key elements. For example, the auto output of the country and its robust supply chain, particularly its logistics network. The port facilities of Laem Chabang are an excellent case in point. Furthermore, the Government's investment policies have been consistent and supportive not only of the industry in general but also of individual companies engaged in auto manufacturing. Additionally, the available workforce is skilled and educated, which is a benefit for Ford. Likewise, Thailand has had healthy GDP growth since 2000, has in place ample infrastructure, and its geographical location is superb.

When looking at future trends for the industry, Mr. Bradley explained that there are different ways to analyze the issue. From a consumer-related perspective, the auto sector in Thailand is very diverse, productive and constantly evolving. It is dominated by the manufacture of pickups but it is now on the cusp of launching eco-cars onto the global market. With a low carbon footprint, these "Green" vehicles are practical, comfortable, safe, cost effective and have high fuel efficiency. Indeed, the eco-car project has been possible because of Thailand's appropriate tax structure and investment incentives.

Still, there are challenges. At the moment, there exist a number of competing eco-car schemes in Southeast Asia. According to Mr. Bradley, there is no uniform ASEAN model, no harmonization of ASEAN auto and emission standards, and no ASEAN policy support for expanding consumer demand across the region. However, in Thailand, there is access to goods and services as well as large-scale operations that drive efficiency and output. As such, consumers, especially Thais, will benefit from the wide range of vehicles that are produced by Ford.

Overall, Ford is one of the largest automotive investors in Thailand, with cumulative investments totaling more than US\$2 billion since 1995. This includes US\$450 million for the state-of-the-art passenger car facility in Rayong. With initial annual capacity of 160,000 units, manufacturing at the plant commenced in 2012 for the Focus, and has since added the EcoSport and Fiesta - all for sale in the domestic market and export across ASEAN. Ford

investments also include an additional US\$377 million to upgrade and expand output of its pickup truck line at AutoAlliance Thailand for the all-new Ranger. AAT, which produces the Ford Everest SUV, has an annual capacity of 295,000 units. Along with the Focus, EcoSport and Fiesta, both vehicles are built for sale in the Thai market and export throughout ASEAN.

Today, Ford has become a major force in the automotive industry in Thailand and Ford intends to boost production further to augment its business operations and to achieve maximum customer satisfaction. Mr. Bradley observed that it is because of the maturity of the Thai auto sector that Ford finds itself firmly placed in this country. Thailand has so much to offer to OEMs. But Ford has invested long-term in Thailand with the expectation of a return and the decision to be in Thailand has been the right one for Ford.

