

INTERNATIONALIZATION OF PRODUCT

Perceptions of the automobile industry have changed dramatically. During the 1970's it was commonly held that energy conservation and environmental concerns would make the small or light automobile the standard-size automobile in all world markets. This downsizing and standardization was to evolve what has been called the "world car". It was assumed that competition would be based on price and that high manufacturing volume would be the key to low cost. This would result in a reduction in the number of automobile companies in the Western World as highly competitive producers raced to keep ahead in economies of scale. Further many observers predicted that manufacturing would shift to developing countries from the developed countries to take advantage of lower wages to reduce manufacturing costs.

Probably the most significant factor influencing future world automotive production concepts is the new automated and robotized production machinery. Already it is lowering the minimum efficient annual production scale for individual product lines in the industry. Increased use of flexible, automated equipment in the assembly of automobiles will permit a wide range of products to be assembled on the same line. This will mean that a plant can be highly efficient if a cumulative volume of approximately 250,000 units annually is spread over several models. Previously this volume was considered to be near optimum for the production of one model. Because of the high capital cost of product design and production, equipment volumes of a half million units per