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**STRATEGIC AUDIT OF TOFAŞ:**  
**A KOÇ HOLDING/FIAT S.p.A**  
**JOINT VENTURE**

**EMBA Thesis**

**by**

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STRATEGIC AUDIT OF TOFAŞ: A KOÇ / FIAT JOINT  
VENTURE

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## **ABSTRACT:**

Tofaş, the leader of the Turkish automobile market, has been audited from a point of view of strategy, structure, process and managerial philosophy. Reaching excellence before the upcoming EC Customs Union is vital for Tofaş's strength in competition. This will be achieved by bringing together the characteristics mentioned above in a complete and complementary manner defined as "tight fit". Tofaş as an analyzer; that means a fast and efficient mover, should reach economies of scale in production in order to compete in the rapidly growing European automobile market. This depends on the stability and growth of the Turkish economy and consequently the income per capita. This will increase the aggregate demand for automobiles. Also by changing the Government and customer perception of automobiles from luxuries goods and investment instruments to durable consumer goods will lower the tax burden on automobile sales and increase the domestic automobile demand. Ultimately, the supply of the economies of scale and the increased demand will intercept in a much higher equilibrium point where Tofaş can generate the needed sources to maintain it's market leadership and compete within the EC Customs Union.

## **ÖZ:**

Türk otomobil pazarının lideri Tofaş, strateji, yapı, proses ve yönetim felsefesi açılarından incelenmiştir. Avrupa Topluluğu ile gerçekleşecek olan gümrük birliği öncesinde mükemmeliyete ulaşmak Tofaş'ın rekabet gücü açısından son derece önemlidir. Bu ise yukarıda bahsedilen karakteristiklerin birbirini tamamlayan bir bütün halinde biraraya getirilmesi ile sağlanacaktır. Tofaş, hızlı ve etkin bir biçimde hareket edebilen bir Analyzer olarak hızla büyüyen Avrupa otomobil pazarında rekabet edebilmesi için ölçek ekonomisine ulaşması gerekmektedir. Bu ise Türkiye Ekonomisinin ve kişi başına milli gelirin stabilitesine ve büyümesine bağlıdır. Böylece toplam otomobil talebi artacaktır. Ayrıca Devletin ve müşterilerin otomobili bir nevi lüks mal ve yatırım aracı yerine dayanaklı tüketim malı olarak algılamaları sağlandığı takdirde, otomobil üzerindeki satış vergi yükü azalacak ve buna bağlı olarak dahili otomobil talebi artacaktır. Sonuç olarak, ölçek ekonomisi arzı ile artan otomobil talebi daha yüksek bir noktada kesişerek denge noktasına ulaşacak ve buradan sağlanacak kaynakla Tofaş, gümrük birliği içerisinde de pazardaki liderliğini ve rekabet gücünü koruyacaktır.

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## **CHAPTER I: INTRODUCTION:**

Recently, automobile industry has overthrown the construction industry and has become the locomotive industry of the emerging Turkish economy. According to the latest statistics Turkish automotive industry had created jobs for nearly 200,000 people including subordinate industries. This statistic drastically shows the importance of the automobile industry for Turkish economy that has an 18% unemployment rate.

Tofaş, also one of the biggest firms in Turkey, is the main automobile manufacturer in this industry.

Due to the customs integration with EC that will take place in 1996, the top management of Koç Holding and Fiat is now trying to determine new strategies against the new potential competitors, who will penetrate the market after the integration and ought to be a great threat to Tofaş's competitiveness.

The ultimate aim of this company project is to recommend a strategy for Tofaş, that would help them to reach their goals for the future.

In the following chapters, you will find a brief review about the Turkish economy. Afterwards, the Koç Group and Tofaş will be introduced. Tofaş is analyzed by giving general information about the Company and its strategic issues. Then come the industry and competitor analysis. Finally, based on our analysis, recommendations considering strategy, organization, human resource management and process will be listed as a conclusion.

## **CHAPTER II: THE TURKISH ECONOMY:**

### **2.1 General View:**

Turkey is an advanced developing country with substantial economic potential. It has a population of nearly 60 million, which is growing at a rate of 2.2 % annually. Turkey's land mass equals 779,542 square kilometers (slightly larger than Texas) and is rich with natural resources and fertile land. Turkey is one of the few food surplus countries of the world and has established itself as a food and fiber's exporter.

Turkey is additionally advantaged by its location. It has over 8,333 square kilometers of shoreline on the Mediterranean, Aegean, Marmara, and Black Seas and constitutes a land bridge between the European and Asian continents, sharing borders with Greece, Bulgaria, Syria, Iraq, Iran, Azerbaijan, Armenia, and Georgia. Turkey has been extremely active in developing commercial and economic relations with the emerging economies of the Turkic Republics in Central Asia and with the states surrounding the Black Sea.

Until the 1980's, Turkey's level of economic development did not truly reflect its substantial potential. Beginning in 1983, under the leadership of then Prime Minister the late Turgut Özal, Turkey underwent a remarkable transformation from an inward looking, state-directed, import substitution-style economy, to one characterized by active participation in the international economic community, a strong and expanding private sector, and liberal importing and investing policies.

The reform program constituted a fundamental reorientation toward free market economies. Turkey instituted market-determined interest rates, arranged for the convertibility of the Turkish Lira (TL), adopted an export-led development strategy, abolished quotas, reduced tariffs, encouraged foreign investment, initiated privatization, liberalized foreign exchange controls, overhauled the tax system, and permitted sweeping changes in the financial sector, including the establishment of markets for commercial paper, interbank lending, and the stocks and bonds.

This reforms provided Turkey with substantial economic benefits. During the 1980's, it had the highest growth rate in the Organization for Economic Development and Cooperation (OECD), achieving annual growth rates of 4.5 %, 7.5%, and 9.3% in 1985, 1986 and 1987 respectively. Despite the effects of the Gulf War, Turkey maintained positive real gross national product (GNP) growth rates of 9.7% in 1990, and 0.3% in 1991. These growth rates reflect the resiliency of the Turkish economy, which was able to expand, even with the loss of a major partner, Iraq, and significant declines in tourism revenue. In 1992, real GNP growth rebounded to 5.5%, and healthy GNP growth rates continued in 1993. Unfortunately the 1994 economic crisis, due to foreign exchange shortage, slowed down the economic growth rate. (Exhibit 8 and 9)

Despite the crisis Turkey has achieved outstanding economic success, but it continues to struggle with high government deficits, inflation, and the challenges of creating new, less labor intensive production. Without a significant reduction in the budget deficit, through improved tax collection and the privatization of inefficient State Economic Enterprises, inflation will still remain a major problem.

Turkey's foreign debt rose to \$65 billion dollars at the end of 1993. Public sector entities, including municipalities and State Economic Enterprises, as well as the central bank, account for the 85% of the total foreign debt.

## **2.2 Foreign Trade:**

### **2.2.1. Exports:**

Turkey's exporter's benefit from the country's fairly low wages, abundant natural resources, and excellent geographic access to markets in Western and Eastern Europe, the middle East, and the Newly Independent States. Over the last decade, the volume of Turkish exports has expanded annually by 33 percent. In 1980 total exports equaled \$2.9 billion; in 1993, total exports were \$15.5 billion. In addition to Turkish exports experiencing dramatic growth, their composition also changed significantly. Agricultural products accounted for more than half of Turkey's exports in the early 1980's; however, by 1993 agricultural products accounted for only 15%. Industrial products now comprise over 83% of Turkish exports. Key industrial exports include textiles and apparel, iron and steel, chemicals, and processed agricultural products. Sectors to watch for the future include electronics, motor vehicles, and machinery.

Turkey's major export trading partners are Germany (25%), Italy (7%), the United States (6%), France (5%), and the United Kingdom (5%).

### **2.2.2. Imports:**

The Turkish import regime underwent a comprehensive liberalization process during the 1980's. Import duties were reduced significantly and quotas were abolished. The Turkish import regime was further simplified with the publication of the 1993 Import Regime. Policy changes and increased demand for foreign products by the rapidly expanding industrial sector helped imports to expand from \$7.9 billion in 1980 to \$24 billion in 1993.

The share of industrial products imported increased from 47% in 1980 to 82% in 1993. Key imports are machinery (18%), chemicals (12%), electrical equipment (9%), iron and steel (9%), processed petroleum products, fuels and coals and cereals.

Roughly 67% of Turkey's imports originate in the OECD. Forty-three percent of imports are from EC countries, and 15% are from the Middle East. Germany has the largest market share with close to 16%, followed by the United States with over 11%. Italy is third with 9%, and the newly Independent States currently are fourth with 5% import market share.

### **2.2.3. Multilateral Economic Relations:**

As per capita income increases, Turkey will become a strong market for consumer goods. Even today there is a sizable and growing middle class of salaried workers and small business owners that are buying dishwashers, large refrigerators, and first and second cars. Turkey is a center for regional economic developments in the Central Asian Turkic Republics, Trans-Caucasians, and the Black Sea Region, and is an excellent jumping point to doing business in these emerging markets.

That's why Turkey plays an active role in the international community that enables her to be a member of various international political, social, economic, cultural, and military organizations. Some of them can be listed as; NATO, Conference on Security and Cooperation, Council of Europe, OECD, GATT, IMF, World Bank, Customs Union with EC (beginning at 1996), EFTA, and Black Sea Economic Cooperation Agreement.

## **CHAPTER: III KOÇ GROUP AND TOFAŞ:**

### **3.1 Koç Group:**

Turkey's biggest conglomerate The Koç Group is one of the top 500 industrial corporations in the world. It ranked 83 in Fortune 500 in 1993. This group comprises 110 companies active in automotive, consumer durable, retailing, food processing, energy, construction, financial services, foreign trade, and tourism.

The Koç Group posted record earnings of \$1.3 billion on combined sales of \$14.4 billion in 1993. Combined value added represents 1.9% of Turkey's total Gross National Product. Thirteen percent of Turkey's 1993 total corporate tax revenue was paid by the Koç Group.

Parent company of the Koç Group is Koç Holding A.Ş. which has a divisional form of structure. The 4 major divisions in it's organizational structure are;

- automotive division,
- industrial, commercial and energy division,
- finance and foreign trade division, and
- general management division.(Exhibit 1)

Each division is managed by presidents called "Başkan" (pronounced as Bashkan). The presidents have autonomous budgets and they report to the Executive Committee. This committee consists of the CEO and his deputy. On the top of the organization structure is the Board of Directors. The members of this board are the Koç family, the CEO and his deputy and a few professionals.

The automotive division comprise three groups;

- Tofaş Group,
- Otosan Group, and
- Automotive Supplies Group. (Exhibit 2)

The Tofaş Group contains three major manufacturing firms that are all joint ventures with Italian based firms. (Exhibit 3)

-Tofaş Türk Otomobil Fabrikası A.Ş.,(Koç/Fiat), which produces automobiles (market leader),

-Otoyol Sanayi A.Ş., (Koç/Iveco),which produces commercial vehicles like trucks and minibuses (market leader), and

-Türk Traktör A.Ş., (Koç/Fiat), Turkey's second largest tractor manufacturer after Uzel (Massey Ferguson).

### **3.2. Tofaş:**

Tofaş brand automobiles are produced by Tofaş Türk Otomobil Fabrikası A.Ş. in Bursa, founded in May 1968. Tofaş started manufacturing automobiles on February 12, 1971.

Tofaş brand automobiles are distributed all over Turkey by the main distributor Tofaş Oto Ticaret A.Ş., which was also established in the same year, 1968. There are 134 main dealers (which 11 of them belongs to the Koç Group), 166 dealers and 245 authorized services connected to Tofaş Oto.

Spare parts are distributed only by Opar, another subsidiary of the Koç Group. (Exhibit 4)

The shareholders structure of these three firms as of 12/31/1993 is as below,



**TABLE 1:****(Billion TL)**

	<u>Tofaş Fab.(%)</u>	<u>Eq.</u>	<u>Tofaş Oto (%)</u>	<u>Eq.</u>	<u>Opar (%)</u>	<u>Eq.</u>	<u>Total (%)</u>
KOÇ HOLDING	34.23	411	39.95	96	0.00	0	32.48
KOÇ GR.FIRMS	0.00	0	9.05	22	58.01	70	5.85
FIAT	41.50	498	26.00	62	26.00	31	37.92
KOI & OTHERS	24.27	291	25.00	60	15.99	19	23.75
<b>TOTAL</b>	<b>100.00</b>	<b>1,200</b>	<b>100.00</b>	<b>240</b>	<b>100.00</b>	<b>120</b>	<b>100.00</b>

As it is seen from Table 1, the Koç Group owns the majority in Tofaş Oto and Opar while Fiat owns the majority only in Tofaş Fabrika. Despite the percentages, all three companies are under the Koç Group management.

At present, Tofaş's Bursa plant has the capability to produce 150,000 units/year with two shifts a day and 200,000 units/year with three shifts a day and overtimes on Saturdays.

Lately, over 10,000 people are working for Tofaş and affiliates. Tofaş, giving credit to manpower, has always been conducting research for financial and moral prosperity of its personnel who provide the greatest contribution to its production.

The Tofaş Training Center that is the institutional proof of the firm belief of Tofaş in the value of in-service training, serves in a fully equipped, purpose-built building gives educational services to the staff of the sales and after-sale organizations of Tofaş. Training covers the whole range of Tofaş and Fiat vehicles. The center also carries out sales and marketing training for Tofaş dealers and sub-dealers.

Tofaş is an incorporation with its legal headquarters based in Istanbul. Company management is undertaken by the General Manager based in Istanbul that reports to the Board of Directors as a status principle.

Despite Koç Holdings **divisional form** of structure, Tofaş and its distributors Tofaş Oto and Opar are **functionally structured**. However, these three firms operate together as a **stable network**.



## **CHAPTER IV: INDUSTRY ANALYSIS:**

### **4.1. World Automotive Industry:**

In the last century, increasing economic level, developing culture and living standards caused a very high demand for transportation vehicles. Most of all, the individualistic need to travel was one of the main factors that created demand for automobiles.

Especially during the second half of the 20<sup>th</sup> century, accordance with the growing demand, the automotive industry became a high growth industry in a very competitive environment. Until the 60's US based companies lead this industry. During the 70's the Japanese showed up in the market and finally they captured the leadership with their new concepts in 1989. In 1992 worldwide annual production of motor vehicles had reached 48,891,065 units. The Japanese ( Toyota, Mazda ) and US ( GM, Ford, Chrysler) based firms are challenged by the German (Volkswagen, BMW, Mercedes-Benz, Opel), French ( Renault, Peugeot), Italian (Fiat), British (Rover, Rolls-Royce, Austin) and Spanish (Seat) companies.

### **4.2. European Automotive Industry:**

Europe, as a region, ranks third place in the world automobile market. For instance the market shares of the European market at the end of 1989 is as below;

**Table 2 :**

<b><u>Manufacturer</u></b>	<b><u>Market Share (%)</u></b>	<b><u>Sales Volume (\$M)</u></b>
<b>Volkswagen</b>	15.0	2,021
<b>Fiat</b>	14.8	1,991
<b>Peugeot</b>	12.7	1,704
<b>Ford</b>	11.6	1,562
<b>GM</b>	11.0	1,488
<b>Renault</b>	10.4	1,392
<b>Mercedes Benz</b>	3.2	434
<b>Rover</b>	3.1	412
<b>BMW</b>	2.8	377
<b>Volvo</b>	2.0	266
<b>Japan</b>	10.9	1,457
<b>Others</b>	2.5	374
<b>TOTAL</b>	100.0	13,478

### **4.3. Turkish Automotive Industry:**

#### **4.3.1. The Importance of the Automotive Industry in Turkey:**

The Turkish automotive industry was originally started as an assembly sector but now is a full manufacturing and exporting industry. In 1964, only 15% of automobiles were produced domestically; now close to 90 percent of parts are produced in Turkey. Turkey has depended on foreign technology for the majority of the development in this industry.

The automotive industry has an enormous growth and sales potential. According to the statistics, the average automobile per 1000 person is; 107 in the world, 450 in Europe, and only 45 in Turkey. These rates show why the Turkish automobile industry is very attractive and why it's invested heavily in the recent years. According to the latest figures the contribution of the automotive industry to the gross national product has reached 25%.

As of 1992, the contributions of the automotive industry to the Turkish economy can be listed as follows;

- 15 establishments directly employed 27,065 workers and about 100,000 workers were employed in the suppliers industry and if we include the automotive service sector, it can be seen that a total of 170,000 people were working in the automotive industry.

- 27,065 workers in the main industry were paid TL 778 billion annually.

- From 263,517 units of production, a turnover of TL 12,426 trillion was made. In 1990 the automotive industry had a Turnover/GNP ratio of 11%.

- The firms engaged in production in this industry paid a total of TL 2,056 billion tax.

- The income is equivalent to \$320 million. The total imports of the industry were \$599 million.

When we look at the geographical distribution of the firms, we can see that they mainly operate in the Marmara Region, due to ease in transportation, communication, raw material availability, and employing qualified personnel. They all operate with a license of a foreign automotive company.

The production level is highly dependent on local demand. Due to the recent crisis in 1994, there is an excess capacity in the industry.

#### **4.3.2. Analysis of the Domestic Market:**

With its big territory and a population of 60 million, Turkey has a very big growth potential. Purchasing power of an individual plays a major role in the conversion process of this potential to effective demand. So, potential demand is converted to effective demand by considering the purchasing power and price relationship.

In the automotive industry, the price is calculated as COSTS + PROFITS + TAX. Today in some cases the taxes on automobiles even exceed 45%, and this affects the demand negatively. As a result of this high taxation, decreases in production and delays in investment decisions can be observed. (Exhibit 10,11,12,13)

After the recovery from the 1994 economic crisis, the factors that will increase the demand can be listed as below;

- High growth in GNP,
- Turkey's very low per capita ownership rate,
- Changes in demographics toward urbanization,
- The future increase in customer financing, such as consumer

credits.

#### **4.3.3. Entry Barriers:**

-**Economies of Scale:** Since there are too many companies competing in the market and the demand is not sufficient, achieving economies of scale is very hard. Tofaş and Renault are the most likely companies that can achieve economies of scale. This barrier deters entry by forcing the entrant to come in at a large scale and risk strong reaction from existing firms or come in at a small scale and accept a cost disadvantage, both undesirable options.

-**Product Differentiation:** Most of the domestic producers (like Tofaş, Renault, Ford) have brand identification and customer loyalties, which stem from past advertising, customer service, product differentiation or simply being first into the industry. Differentiation creates a barrier to entry forcing entrants to spend heavily to overcome existing customer loyalties. This effort usually involves start up losses and often takes extended period of time.

**-Requirements:** High competition requires large financial resources, heavy investments on technology and advertisement. Moreover imported raw materials forces the companies to carry high levels of inventory, which results in huge amounts of tied up working capital.

**-Access to Distribution Channels:** The new entrants should establish their own distribution channels from the very beginning that requires capital investment.

**-Government Policy:** Investing in this industry needs government permission.

#### **4.3.4. Exit Barriers:**

The assets used in automobile industry are highly specialized and have low liquidation values and high costs of transfer. Besides, the companies have to sign contracts with the suppliers, workers and establish their own distribution channels, these are the inevitable costs of exit. On the other hand it is not easy for an international company to accept failure and leave the market, since it affects its reputation in a very bad manner. All these factors cause the companies to consider the potential losses due to exit.

#### **4.3.5. Current Situation of the Turkish Automotive Industry:**

However, the liberalization policy forced the government to grant investment permissions to Opel(GM), Toyota and recently Mazda and Honda, in the past few years. Thus, the major manufacturers in the Turkish automobile market now are Tofaş, Renault, Opel(GM), Otosan(Ford), and Toyota. (Exhibit 14)

Again, due to the liberalization policy, import automobiles captured a significant niche from the market. Major imported brands sold in Turkey are Lada,

Skoda, Mazda, and Toyota. The sales figures of the market for 1993 and 1994 is as below;

**TABLE 3:**

	<b>1994</b>	<b>%</b>	<b>1993</b>	<b>%</b>
<b>TOFAŞ</b>	112.4	49.65	194.7	44.03
<b>RENAULT</b>	72.0	31.80	131.2	29.67
<b>OPEL</b>	6.0	2.65	12.1	2.74
<b>OTOSAN</b>	5.7	2.52	2.2	0.50
<b>TOYOTA</b>	2.0	0.88	0.0	0.00
<b>IMPORT</b>	28.3	12.50	102.0	23.07
<b>TOTAL</b>	<b>226.4</b>	<b>100.00</b>	<b>442.2</b>	<b>100.00</b>

More automobiles were sold in Turkey in 1993 than in any previous year. The increase in demand was largely due to the availability of consumer credits given by commercial banks, which made purchasing of automobiles accessible to larger segments of the customers than ever before. Total 1993 production of automobiles in Turkey climbed 31% to 340.000 while the number of imported automobiles jumped 96% to 102.000 units. Tofaş controlled 45% of the market in 1993.

Revenue of Tofaş in 1994 is TL20 trillion (\$667 million). In 1994, domestic sales are 114.400 units (2.000 imported), whereas export sales reached 10.718 units (6.816 units are exported to Egypt as Completely Knocked Down ). Including the sales of imported Fiat brand automobiles Tofaş is the market leader with 50.5% (export sales are omitted).

The second major manufacturer Renault has a 32 % share of the market. Renault is a joint venture of Renault/France and Oyak (a commercial firm of the Turkish Army) established in 1970.



Both Tofaş and Renault's manufacturing plants are located in Bursa. This city is the cradle of the automotive industry in Turkey, just as what Detroit is in the United States.

The third largest manufacturer is worldwide known GM/ Opel that is established in Izmir in 1990. As it is seen from Table 2, its production is way behind Tofaş and Renault but its capacity is large enough to increase this number.

The fourth largest manufacturer is Otosan that is located in Istanbul, another joint venture of Koç Holding with Ford. Otosan is the first automobile manufacturer of Turkey with its once famous brand "Anadol". It is now producing different versions of Escort.

The latest entrant to the industry is Toyota. Toyota's manufacturing plant is located in Adapazarı, another Marmara Region city. In the next 5 years it is expected to be one of the major threats to Tofaş.

Due to the foreign exchange policy applied by the government, imported automobiles as a whole ranks third place in the market with 23% in 1993 and 12.5 % in 1994. In the past 5 years Lada (a Russian brand) and Skoda (a Chek/Volkswagen brand) were the most demanded imported automobiles in Turkey.

The Turkish automobile market consists of 6 segments; A, B, C, D, E and SW. Tofaş once competed in Segment A, where very small automobiles are sold, with imported Fiat 126 BIS. But now Tofaş is out of this segment. (Exhibit 5, 15, 16))

Tofaş mainly competes in segments B, C, D and SW with Birdy and New Generation series.

**TABLE 3:**

	<u>1994</u>	<u>1993</u>
	<u>(UNITS)</u>	<u>(UNITS)</u>
<b>BIRDY</b>		
<b>SERIES</b>		
<hr/>		
SERÇE	2230	4971
ŞAHİN	46357	73655
KARTAL	9805	27755
DOĞAN	37405	62719
<b>NEW GENERATION</b>		
<b>SERIES</b>		
<hr/>		
UNO	700	0
TIPO	6308	1363
TEMPRA	9561	24121
<b>IMPORTS</b>	<hr/>	<hr/>
	2034	2620
<b>TOTAL</b>	<hr/>	<hr/>
	114400	197204

Tofaş's target customer segment is middle class customers. They are also trying to attract lower end of high class customers with Tempra (2.0 i.e.) and imported Croma, but the sales figures show that they are not successful. As it is seen from Table 3, Tofaş's best sellers is Şahin (meaning Hawk in English) and Doğan (Falcon). These brands are mostly demanded by middle class customers.

It is estimated that 50% of Tofaş's 1993 sales were financed by consumer credits. That's why the sales decreased almost the same amount in 1994, when interest rates boomed due to economic crisis that started in January 1994 after Turkey's credit note was decreased by Standard and Poors (later this firm was declared unreliable by the American Central Bank FED).

This experience shows that the demand for automobiles is closely related with the main economic indicators and that customers' income is not adequate to purchase automobiles with cash money of their own. So, if customers are financed by an alternative way instead of consumer credits given by banks, Tofaş can double its

sales. This opinion led to the foundation of a firm called Koç Finans. This firm will give consumer credits to Tofaş customers, with better terms than commercial banks.

There is another interesting point of the customer's behavior in Turkey. Most of the middle class customers consider automobiles as an investment good rather than a consumer good. So that's why middle class customer's automobile demand is greatly related with foreign exchange rates and interest rates, key indicators of alternative investment instruments.

On the other hand the government considers all the automobiles as luxurious goods. Automobile sales are heavily taxed. The tax burden is about 45 % of the price.

The licensee firms operating in Turkish automobile industry under license agreements are generally manufacturing brands which are not produced in the licensor's home countries anymore. For example due to the cheap cost and quality of the labor in Turkey, Tofaş will be the only Tempura and Uno producer in the world starting in 1995. These brands will be exported all over the world and Fiat will announce them as "automobiles manufactured in our Bursa plant". So Tofaş can be defined as an "analyzer". For the same reasons the competitors of Tofaş can be defined as analyzers, too.

## **CHAPTER V: COMPETITOR ANALYSIS:**

### **5.1. Future Goals:**

The future goals of the main three competitors ( Tofaş, Renault, and Toyota ) in the industry is to be the market leader. All three of them have functional organization structures and they are trying to implement the Just in Time concept under total quality management.

Despite the aggressive marketing strategies of Renault and Toyota, in the short run Tofaş will remain the biggest share holder of the market.

The perception of the Turkish automobile customers is rapidly changing. Both Tofaş and Renault are inevitably have to stop producing their mature classic cash cow models, the Birdy Series and Renault 12, respectively .

The support of Renault/France to Renault/Turkey is far greater than Fiat's support to Tofaş. Unfortunately Toyota needs a little bit more time to achieve their goal because of capacity related constraints, but it can always close this gap with import automobiles from Japan.

### **5.2. Competitors' Assumptions About the Industry:**

The companies that are competing in this industry believe that increased competition is likely to transform the Turkish automobile market by requiring the manufacturers to make more frequent model changes and new product introductions in response to increased demands by Turkish consumers for more diverse and sophisticated products. In addition, the heightened competition will require intensified and expanded sales and marketing activities and may constrain the

Company's ability to raise prices. These developments are expected to lead to lower market shares, significantly reduced margins, increased capital expenditures and lower real earnings for the company, regardless of whether a Customs Union will occur or not.

The assumptions about population growth rate in the next 20 years, the Customs Union and integration with European Community, and increasing GNP and average household income point out that the Turkish automobile market is worth to invest in. They think that the low wages, "learning curve effect" and the "economies of scale" will reduce the costs while increasing the margins.

### **5.3. Current Strategy Of The Competitors:**

Until the early 1980's the domestic automobile manufacturers, exploited the market because of the high custom barriers, which lead them to be purely profit oriented. However, the liberalization policy and the decrease in custom barriers opened the market to competition. This development forced them to learn modern marketing concepts and to be more customer oriented. With the entrance of Toyota, they realized the importance of total quality and customer satisfaction as well as customer perceptions. Now they are using all kinds of marketing tools that they didn't have to use about 10 years ago.

The main strategy that is used by the automobile manufacturers is "push and pull" strategy. They implement this strategy with heavy promotion campaigns targeted towards customers to pull them to the sales points of the distribution channel and they also try to induce (push) the intermediaries of the distribution channel to sell more automobiles by means of different incentives and regulations.

### **5.4. One Of The Major Competitors: Oyak- Renault:**

Since their production in 1971 Renault has produced about 1 million (Tofaş has produced 1.3 million) automobiles in Turkey. Their current product line consists of 5 basic models; Renault 12, Renault 9, Renault 11, Renault 19, and Renault 21. Among all countries in which Renault is present, Turkey is the one that they have the highest market share. In Europe, Renault ranks third in the market.

Renault places great emphasis on increasing their exports from Turkey and probably this will have a great effect on their strategy related to Turkey. Other many aspects of their strategy are the following.

They are not going to remove the Renault 12 model from their product line within the near future (but they must). They believe that it has a large customer base in Turkey, and it fulfills the needs of certain customers in a very efficient manner. The production costs are very low compared to new models, and the model is very appropriate for Turkish infrastructure and geographic conditions.

Their major concern is Japanese competition and they hope that the Japanese will not follow a dumping strategy in the Turkish market. In western Europe they did not, and Renault believes that the key in their ability to compete with the Japanese in Europe lies in quality. This is also one of the reasons why they place great emphasis on after sales services and total quality. Renault is planning to continue with their investments.

Another important aspect of their strategy is that they are planning to reduce the number of models produced in Turkey. Although they are continuously paying attention to the segments of smaller automobiles, they are not planning to produce models like Clio or Twingo, which would be competitors for the Uno model of Tofaş, in the near future. Considering the introduction of the Renault 19 model, they probably plan to compete in D class.

## **5.5. SWOT Analysis of Tofaş and Competitors:**

### **5.5.1. Strength and Weaknesses of Tofaş:**

#### **5.5.1.1. Strengths:**

Tofaş has a wide range of products that appeal to many segments. Its product differentiation has been one of the major factors that helped establishing the brand loyalty, Tofaş has currently has. The company continuously supports its position in the market by introducing new models and implementing heavy advertising and promotion campaigns implemented by Tofaş Oto.

On the other hand, the major strength of Tofaş relative to its competitors in the market is its wide spread distribution channels and it's effective after sales service network. All Tofaş users can easily access to any service station in any part of Turkey at any time. This strength also brings the benefit of selling the used automobiles with a minimum amount of loss that causes the potential customers to prefer Tofaş and increase their demand.

Another reason for customers to prefer Tofaş is the availability of spare parts' suppliers all over the country. Customers can relatively easily find original spare parts for Tofaş and Fiat automobiles at a cost that is relatively low compared to e.g., imported automobiles. This results in a strength of Tofaş and also enhances their position in the second hand market.

When production facilities are considered, Tofaş has the highest production capacity in the market. For this reason it is most likely company that can achieve economies of scale. Being a business unit of Fiat also helps the company to

find new markets outside Turkey and supports the objective of reaching economies of scale.

Furthermore, Tofaş has a strong financial position supported by Koç Holding and Fiat. Thus, Koç Holding has established a new financing company that will be able to give potential Tofaş customers credits with better terms than banks.

#### **5.5.1.2. Weaknesses:**

The major weakness of Tofaş and also the other automobile manufacturers in Turkey are their tendency on the imported raw material. It constitutes the major portion of their cost structure. This causes serious time and capital losses during the production process. Also working with one supplier in supplying a component causes many similar problems. This leads to suppliers that have considerably high bargaining power most of the time over prices.

One other major weakness of Tofaş is their lack of advanced technology in research and design. They are therefore more dependent on Fiat in this regard. However, this dependency also results in a technology transfer from Fiat to Tofaş, which could become an advantage for Tofaş in the short run, but a serious disadvantage in the long run

After full membership to the Customs Union, the competition in the market will be more fierce that will require companies to introduce new models and invest heavily on improvements in the processes to reduce cost. The expected reduction in the demand to Tofaş automobiles and the investments for modernization to reduce costs will also make it hard for the company to achieve economies of scale. The wide product line of Tofaş is another factor affecting the increase in its costs.

Tofaş is also affected by the low efficiency in production. Although low labor costs in Turkey compared to European countries, US and Japan, positively



affects the cost structure of Tofaş. Unfortunately, this advantage is balanced by the costs arising because of inefficiencies in production, which destroys the positive contribution of low labor costs in Turkey.

However, according to market researches major competitor Renault's customer loyalty level is much higher than Tofaş. The new entrants as Toyota and Opel are using new technologies and they have a very high quality image. They also have worldwide experience in marketing.

But low usage of local contents by the competitors increases their production costs. Their spare parts are relatively expensive and the intermediaries used in the distribution channel are mostly inexperienced when compared with Tofaş's intermediaries.

#### **5.5.2. Opportunities and Threats:**

Tofaş has brought the little car concept to Turkey by starting to produce Uno at the end of 1994. Exporting potential is in a rapid growth due to the newly discovered market, Central Asian Turkish Republics. In 1995, Tofaş will be the only Tempra manufacturer in the world. This means additional exports, estimated to be near 30–40 thousand automobiles per year.

But on the other side;

- Renault's aggressive marketing techniques,
- Toyota and its high quality image,
- High taxation rates on automobiles which effects the customer demand in a negative manner,
- Customs integration with Europe, and
- Potential foreign automotive manufacturers who are planning to produce automobiles in Turkey in the near future,

are the main threats that stand in front of Tofaş.

But the most important threat facing Tofaş is the economic policy started by late Turgut Özal, "growth with inflation". In the long run this policy has generated an unstable national income distribution among the 60 million population of Turkey. The middle class is melting while a big proportion of the population is divided into low and high class income groups.



## **CHAPTER VI: OBJECTIVES AND STRATEGIES OF TOFAŞ:**

Under the circumstances mentioned above, Tofaş has determined its goals and objectives as;

- reduction in costs,
- product differentiation,
- increase the quality and image of Tofaş products,
- fulfill customer satisfaction,
- increase the market share while protecting the market leadership, and
- reorganize the structure of Tofaş Oto and the distribution channel,

In order to achieve these objectives Tofaş has defined its strategies as ;

- improve the production technology,
- invest more on R&D,
- improve the sales and post sales service level of automobiles and spare parts,
- always keep an eye on the competitors,
- provide customer credits through a new established firm named Koç Finans,
- improve the export management, and
- emphasize on quality and image .

All these are going to be done under the umbrella of KOÇ 2000 PROJECT. This project is mainly based on the concept of Total Quality Management

and consists of two important sub projects; 3 S Project (Sales, Service and Spare Parts) and New Investments Project.



## **CHAPTER VII: STRUCTURE OF TOFAŞ AND COMPETITORS:**

As it is seen from Exhibit-4 the process of manufacturing automobiles and selling them is divided to three parts and is organized under three different firms;

-manufacturing is done by Tofaş Fabrika,

-sales , marketing and distribution of automobiles is done by Tofaş Oto and the dealers connected , and

-sales and distribution of spare parts are done by Opar.

This functional form of structure is also seen in Otosan. The Ford brand automobiles are manufactured by Otosan and they are (including the spare parts) distributed by Otosan Pazarlama. This type of structure is applied by most of the Koç Group companies as well.

The other competitors are also structured with a functional form and their manufacturing and distribution functions are done by different firms just like Tofaş.

Tofaş's functional form (Exhibit 6) is designed by Fiat and it is applied worldwide in Fiat subsidiaries.

Tofaş Oto and Opar are also structured in a functional form. (Exhibit 7)  
This structure is formed by Koç Holding.

## **CHAPTER VIII: RECOMMENDED ACTION:**

We will now try to recommend a strategy for Tofaş, that would be suitable and help them to achieve their goals for the future. First of all one has to analyze the current mission of Tofaş. Although Tofaş does not have a formally stated mission yet, there is a proposal that has been introduced and is being applied within the activities of the Company. However, it is not formally accepted by the board of directors.

As we mentioned before Tofaş is more like an analyzer when its characteristics are examined.

But its functional structure differs from an analyzers mostly seen functional matrix structure. The economies of scale that Tofaş hasn't reached yet prevents the company to be characterized as a defender. So the stratejic objective of Tofaş should be achieving fit by fulfilling the required characteristics of an analyzer. These main characteristics could be listed as below;

- low cost efficiency by capturing economies of scale production level, and
- construct a downsized, lean, functional matrix based organizational structure which benefits from outsourcing.

Below you will find the recommendations for Tofaş to achieve fit.

Tofaş has the goal of staying the leader in the domestic market. The requirements to enhance the positions of Koç Holding and Fiat of Italy is also a part of the mission. Social and technological considerations, such as taking an active role

in the formulation of automotive policies, improving quality and customer satisfaction, considering concerns about traffic, etc. And having influence on government policies are major goals of Tofaş. Developments in the production base and technological developments in order to be able to compete globally are other requirements, which are closely related to one of the important objectives of Tofaş, namely, being a business unit of Fiat.

The current emphasis is on reaching a broad range of customers in the overall population. Accordingly, Tofaş is engaged in producing automobiles that are in three different classes: B, C and D. They are currently the sole producer of B class automobiles in Turkey with the Fiat Uno model. Their presence in the C class is achieved with the so called Kuş (Birdie) Series, consisting of Şahin, Doğan and Kartal models, and the Fiat Tipo model. In the B class they compete with the Fiat Tempra model.

However, Tofaş will most probably have to adjust their current product line as a stable and changing product line parallel to the rapidly growing competition. This will have to occur regardless of whether the Customs Union with the European Community actually occurs, or not. Anyhow, sooner or later the current barriers that protect local producers will be lifted in one way or another.

Tofaş will most probably be forced to decrease the diversity in their product line, at least in terms of production, otherwise they will not be able to reach sufficient levels of efficiency and lose their ability to compete. On the other hand, taking such a direction will certainly decrease the customer base. A probable solution for this problem would be to turn to export markets. This is actually the transition that Tofaş is currently experiencing. One example for that is the Export Tempra. This is

one important indicator of that part of Tofaş's strategy that implies that the Company is going to be a business unit within Fiat's global strategy.

This aspect has some major implications on Tofaş. On one hand Tofaş is going to be a profit center of Fiat, and that certainly requires economies of scale. Economies of scale require a capacity of at least 200,000 vehicles per year in such a sector. One may argue that the current demand in the market is not sufficient to justify such investments, but the point is that these investments will not only serve the local market, but are mainly planned to satisfy the demand of Europe. Since this is the major purpose, it is not certain that Tofaş will be able to continue being the leader in the local market, but these concerns certainly create other advantages for Tofaş. First of all, the production of vehicles for Fiat involves proper planning. All Tempras that are produced for that purpose will more or less be sold to Fiat, i.e., there will be no problem of excess inventory.

The procedure works as follows. Tofaş receives a fixed demand from Fiat and plans production in advance without facing much of an uncertainty. The exact numbers have to be received three weeks in advance in order for around 25%, sometimes the orders do not match the planned schedule. Therefore Tofaş continuously has to adjust, but compared to the advantages this is not much of a drawback. The requirement of products in the European market also creates certain advantages for Tofaş.

Since Tofaş has to produce many different models of the Fiat Tempra for Europe, there is not much of a reason that they should not do the same for the local market. The major investments related to that have already been incurred. Furthermore, if we consider that firms in more developed countries are changing their models on average each 2.8 year, it is quite reasonable to engage in such investments



for firms that are producing in developing countries such as Turkey. Of course this depends on the demand pattern of the Turkish customer. Customer awareness has to increase in one way or the other ( for instance, through advertising ) , but as the Japanese enter the market, most probably the requirements for the customer will become more sophisticated anyhow. Other advantages are the technological support that Fiat has to and will provide, the support for improved infrastructure in terms of transportation from Turkey to Italy, and also the dependency of Fiat on Tofaş, since Tofaş will be the sole supplier of some of the models that Fiat has to carry in their product line in order to be competitive in the European market.

The major question that has to be asked is to what extent should Tofaş be dependent on Fiat. In order to keep their self sufficiency, Tofaş has to be successful in their own markets as well. These markets are, of course, the Turkish market, but also the current and potential export markets of Tofaş.

With the Customs Union, the Turkish automotive market will be much more competitive than it is now. Even if it does not occur, competition will increase rapidly anyhow, because of the threat of new entrants mentioned in previous sections. There is a common opinion that the sector is not well prepared for competition, especially for the Customs Union. This was never planned properly and this is mainly related to government policies. For instance, price controls in the earlier years were one of the major constraints on the development of the sector, the government was not considering the laws of demand and supply. Therefore the profit that could have been earned by producers had been earned by the intermediaries, creating invisible economy and slowing down the pace of investments. There was a great effort in order to shape the conditions of the Customs Union according to the needs of the sector, but all efforts were in vain, because of certain government policies.

Of course this does not change the fact that Tofaş has to face competition in order to reach their goal of staying the leader in the Turkish automobile market. So, Tofaş has to shift to low-cost production by reaching the economies of scale of 200,000 automobiles annually by increasing the customers demand with promotion and lobbying against the heavy taxation of automobiles

There are some major concerns that have to be taken into consideration while approaching the local market. First of all one has to realize that Tofaş is operating in segments that are the most competitive ones in Turkey, meaning, vehicles of classes B , C and D. Most of the potential entrants are also planning to enter the market in those classes. Therefore we would recommend Tofaş to focus mainly on one of the classes. One of the major decision involved in that is as to what vehicles to produce and what vehicles to import from Fiat. Regarding our analysis and our future expectations, the C class seems to be the most appropriate choice. The main reasons for that are the low income level (US\$ 2267 GNP per capita) and the average age of the population (25 years). Tofaş should also consider the increasing trend towards automobiles in the B class. They are currently the sole producer of B class automobiles in Turkey, and Renault for instance, is not planning to introduce such models in the near future.

This does not mean that Tofaş should leave the D segment, but in order to stay cost competitive while providing flexibility, one has to specialize. Otherwise the costs will be too high to compete in all of the segments. The introduction of the Fiat Tipo 178 in 1996 will provide a good basis. Even the Birdy Series, which will most probably loose its share in the Turkish market (as customer requirements become more sophisticated) in the longer run, currently still is competitive and can be used as a cash cow for Tofaş. It is a similar situation to that of the Renault 12 model, as

explained in the previous section. This series of models is also very appropriate regarding the geographic and infrastructure conditions of Turkey. Furthermore these models are certainly relevant for export markets that have a similar infrastructure as Turkey, or will be at that stage after a certain amount of time. Especially the Turkic Republics and the North African muslim countries can be considered as target markets for these kind of automobiles.

Another aspect to be considered is the cost structure of competitors. One should not be too pessimistic in this regard.

The major components of the structure of automobile producers in Turkey are payments for components, raw materials, and, to a lesser extent, labor costs. These costs are going to be faced by all firms that are currently, or planning to be, producing in Turkey. The major advantage lies in the production process itself and marketing, especially distribution. In Turkey, Tofaş obviously has very well distribution and service facilities. Probably they are not developed enough, but this is not a significant disadvantage. The same is true for efficiency in production. These problems can be overcome.

We also believe that the main threat lies in imports, since those probably will have a cost advantage after the Custom Union occurs. For instance, if the Japanese are going to enter the market with a damping strategy, then it will be very difficult for firms like Tofaş to compete on a cost basis. Therefore Tofaş has to specialize. As mentioned earlier they should focus on a particular class of models (we suggested C class automobiles). On the other hand they have to emphasize their strengths and try to hold their competitive edges in these terms. For instance, they have to emphasize on their extensive after sale activities including availability of spare parts and services. In such a case they will also be able to stay in a strong

position regarding the second hand market, especially because of the related regulation of the Customs Union. Probably they also will be able to manipulate domestic demand with adjustments in their terms of sales, i.e., by using extensive consumer credits. The reasoning for this had been explained in earlier sections.

As it is mentioned above major market opportunities, and current markets, for exports are Egypt and other countries in the northern parts of Africa, Syria and the republics in the former USSR. We do not consider Europe in this regard, since Tofaş will be highly dependent on Fiat in that market. Tofaş is currently the leader in the Egyptian market with a share of about 25–30%. Also in Özbekistan they provide most of the passenger cars coming from the Western World. The most important aspect related to this issue is the selection of a proper market. One of the major advantages of Tofaş is that currently many of the big producers are exhausted with the competition in their markets.

They do not prefer to deal such markets, or they reach them through some of their licensees, such as it is the situation with Tofaş and Fiat, Renault of France and Oyak Renault etc.

Tofaş has to find those niches in the global market. They also have to be careful and selective in terms of using their resources. After entrance, establishment and development of a market, it comes to defending your position there. If the market is promising, then other potential entrants will be attracted, too. After that there are mainly two possibilities. If you have excess resources you may defend your market and even enter other markets, but if your resources are exhausted, then you probably even fail to protect that market. All efforts can be nullified of a sudden, when a stronger producer enters the market with an investment, that you simply can not afford.

The focus of Tofaş should be primarily on establishment of dealerships and service facilities, advertisement and government relations, in order to penetrate into that market as soon as possible and create significant entry barriers that make the possible entrants think twice. They are experienced at that, since they have established such a penetration in the Turkish market. Firms like Opar or Tofaş Oto Ticaret would provide a good basis for that. One important problem that remains is the local supplier conditions. Those of course depend on that particular market, but on the other hand they will be faced by all of the entrants.

One other point related to the strategy of Tofaş, but rather not related to their core business are the opportunities of investing profitably in financial assets in environments such as Turkey. They are already using those opportunities, and by exploiting them, they will be able to improve their financial position. This is very essential, if their share declines and if they have to decrease their margins due to competition.

In order to achieve fit under these recommended strategies and circumstances, Tofaş should also invest heavily in human capital besides capital goods. This human investment philosophy ought to be carried out by improving human capitals' ;

- technical skills,
- commercial skills, and
- governance skills.

This philosophy will also be greatly supported by the effective labor union (METAL-İŞ ) that is in power among the Tofaş workers.

Consequently, increasing the capacity and the skills of the workers will also be a big gain for the Turkish economy as well.

## **CHAPTER IX: CONCLUSION:**

In this strategic audit of Tofaş, we had reviewed the Turkish Economy, introduced the Koç Group and Tofaş, afterwards analyzed the Turkish automotive industry and the competing companies within the industry and finally listed the recommended actions on the basis of strategy, structure, process and philosophy.

Reaching excellence before the upcoming EC Customs Union is vital for Tofaş's strength in competition. This will be achieved by bringing together the characteristics mentioned above in a complete and complementary manner defined as "tight fit".

So, the strategic objective of Tofaş should be achieving tight fit by fulfilling the required characteristics of an analyzer, which means a fast and efficient mover in the competitive market.

However, achieving tight fit mostly depends on reaching economies of scale production level that also depends on the stability and growth of the Turkish Economy and consequently the income per capita.

The increase of income per capita will have great impact on the aggregate demand growth for automobiles. Additionally, by changing the Government and customer perception of automobiles from luxurious goods and investment instruments to durable consumer goods will lower the tax burden on automobile sales will also increase the domestic automobile demand. Thus, the increase in sales and the learning curve effect will push Tofaş towards economies of scale.

Ultimately, the supply of the economies of scale production level and the increased aggregate demand will intercept in a much higher equilibrium point where Tofaş can generate the necessary resources to maintain its market leadership and compete within the EC Customs Union.



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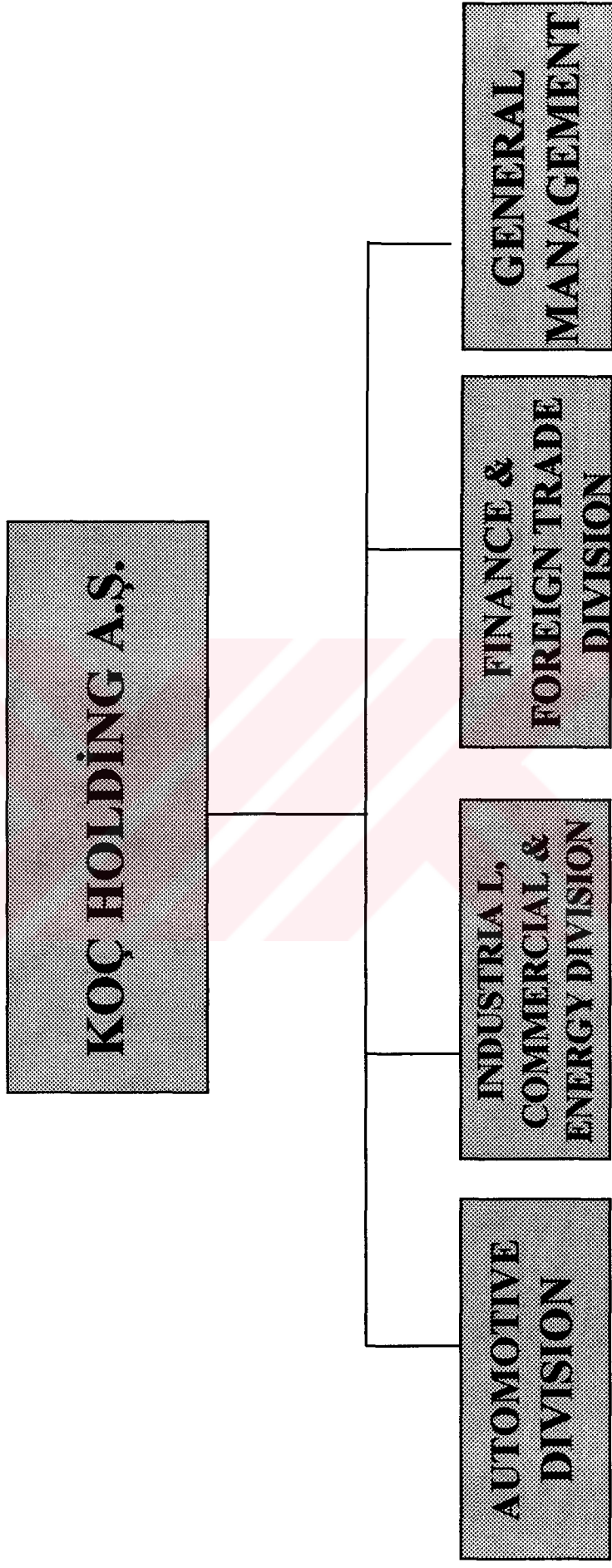
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- (7)TofaşOto Annual Report of 1993 and 1994**
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**Exhibit 1:**  
**MAIN DIVISIONS OF THE KOÇ GROUP**

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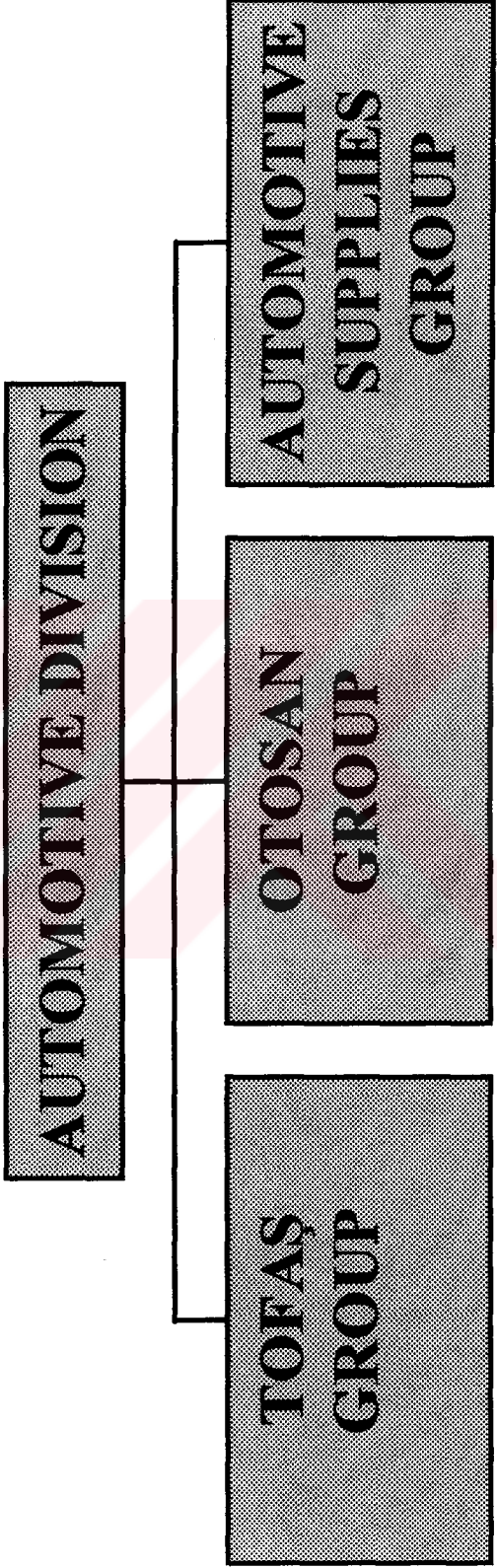
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**Exhibit 2:**  
**POSITION OF TOFAŞ IN AUTOMOTIVE DIVISION**

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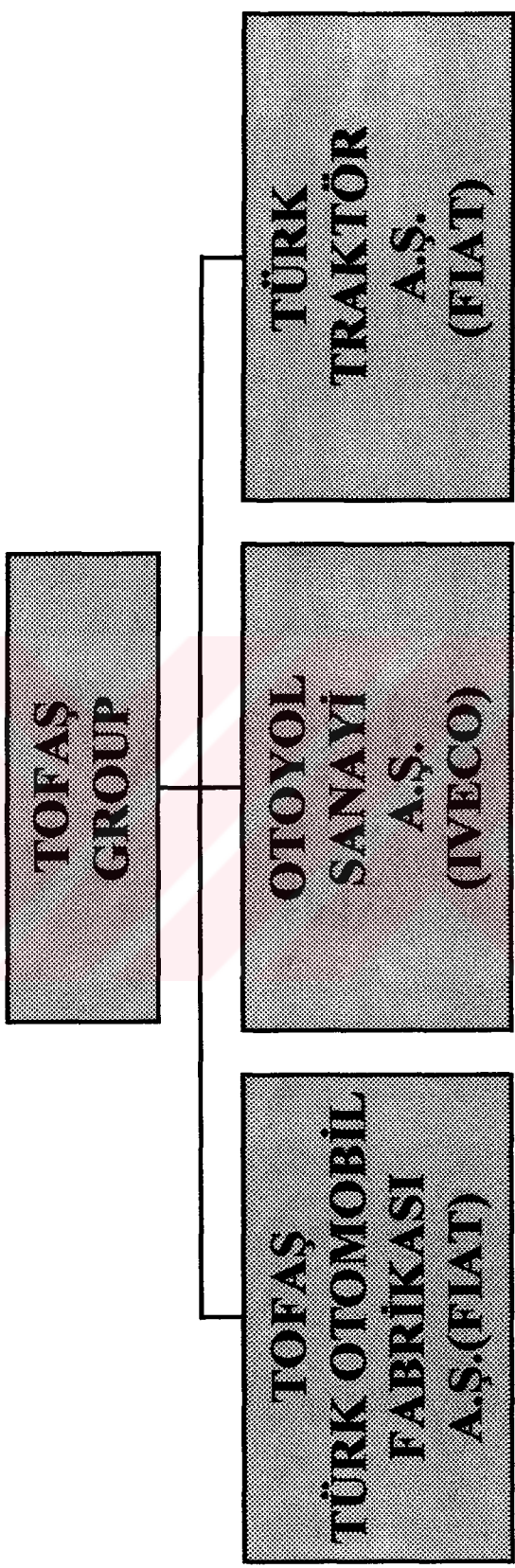
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## Exhibit 3: POSITION OF TOFAŞ IN TOFAŞ GROUP

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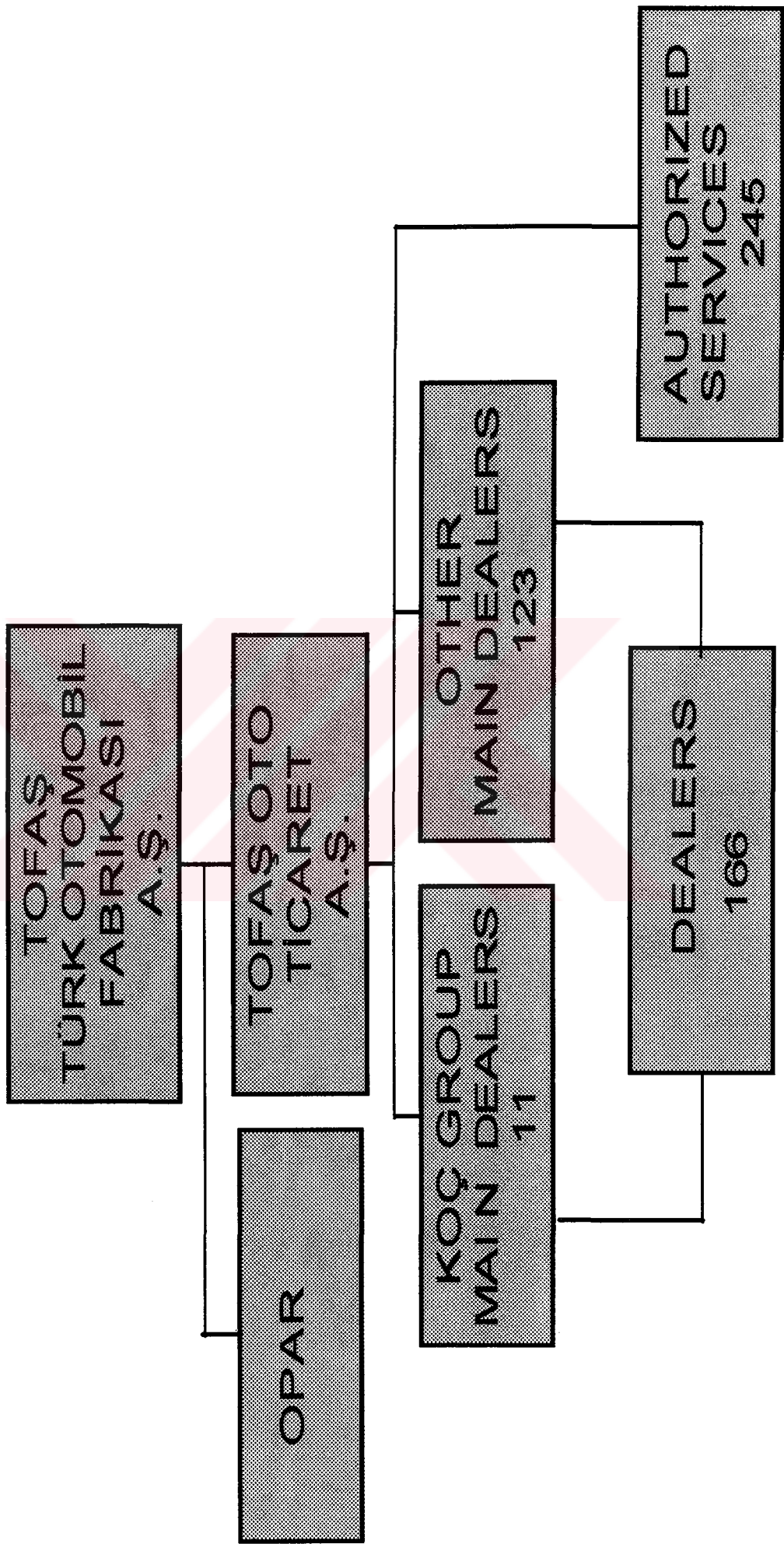


**Exhibit 4:**

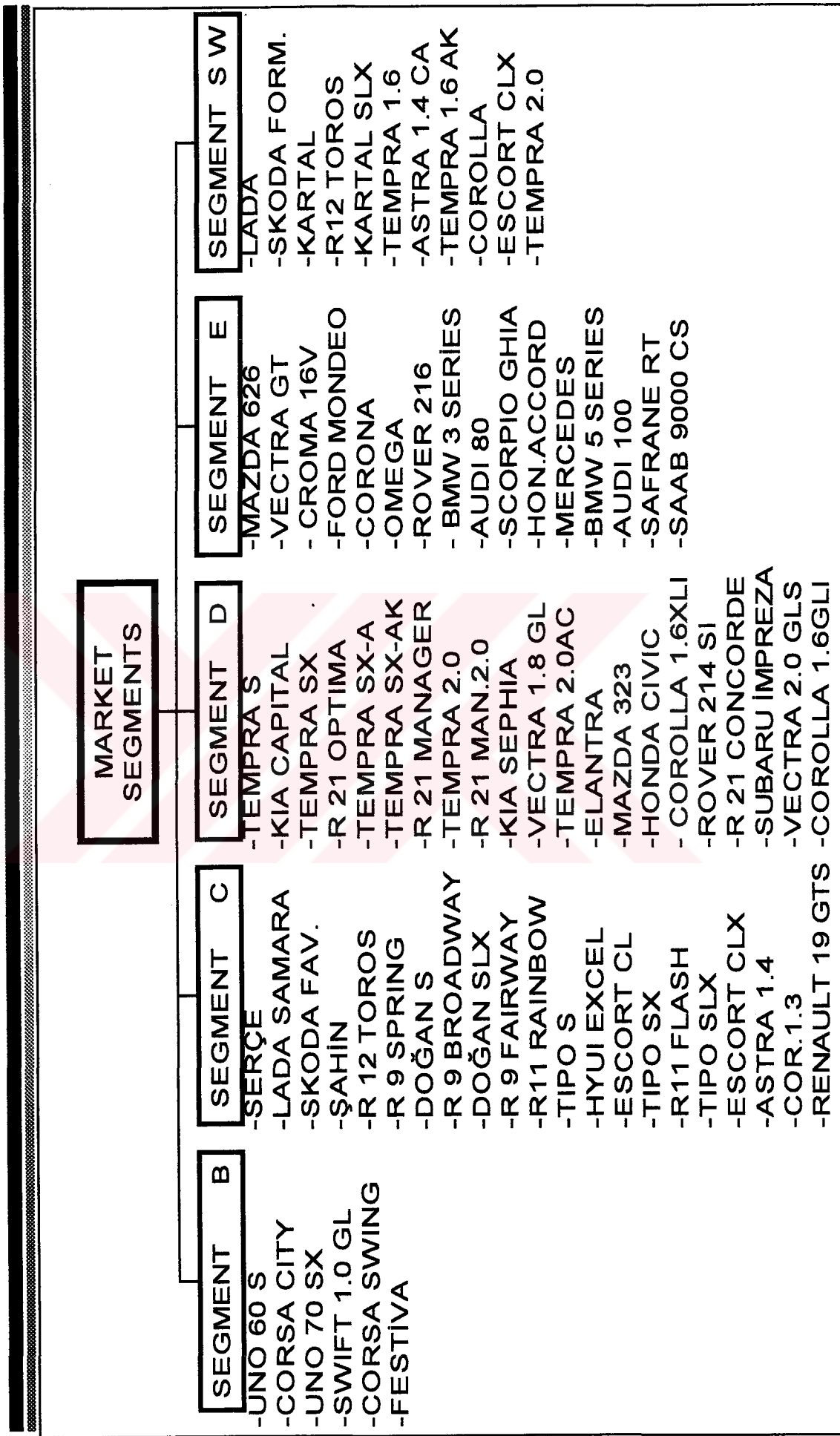
**TOFAŞ'S DISTRIBUTIONAL ORGANIZATION**

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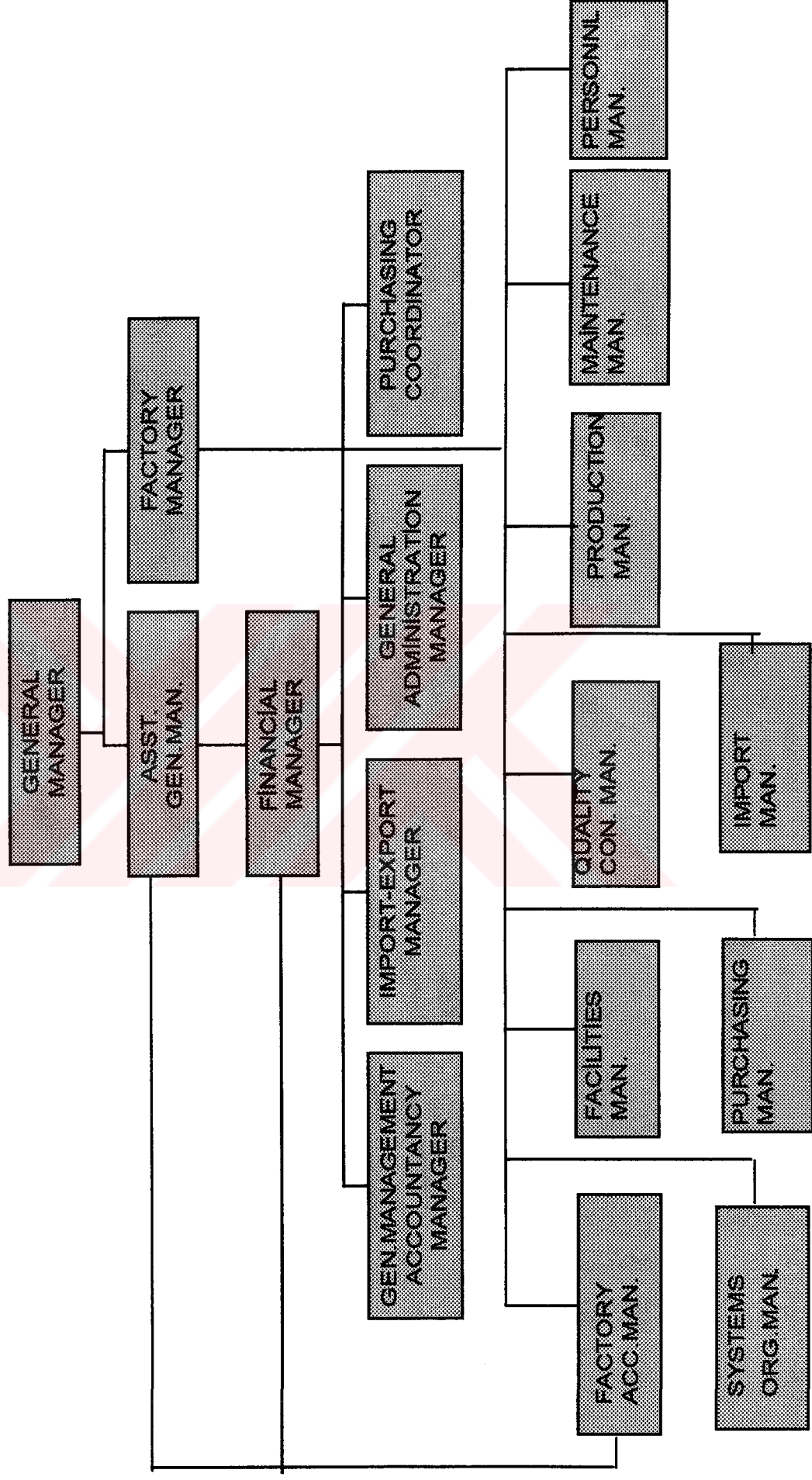


# Exhibit 5: MARKET SEGMENTATION



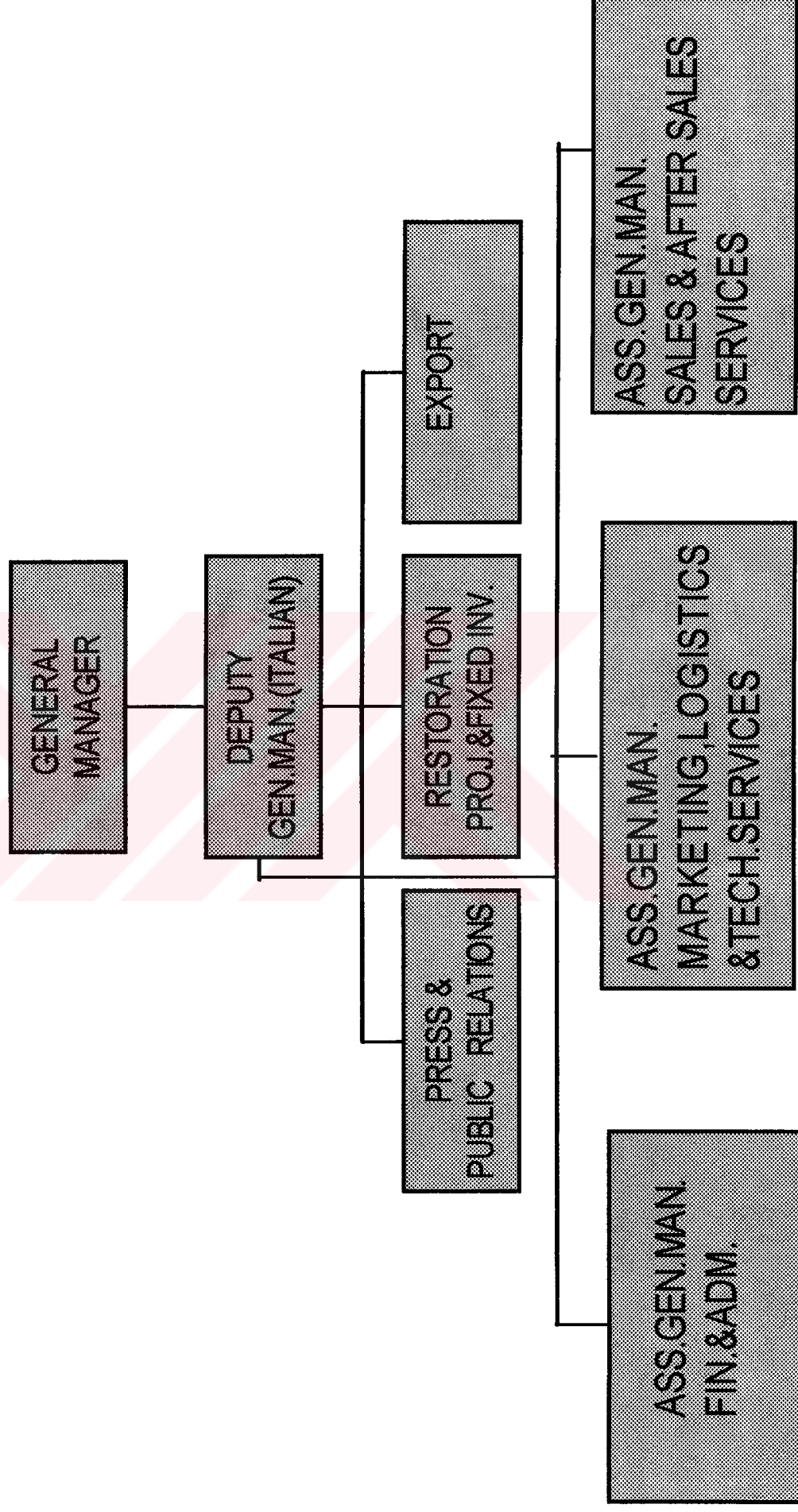
# Exhibit 6:

## ORGANIZATIONAL STRUCTURE OF TOFAŞ FABRİKA



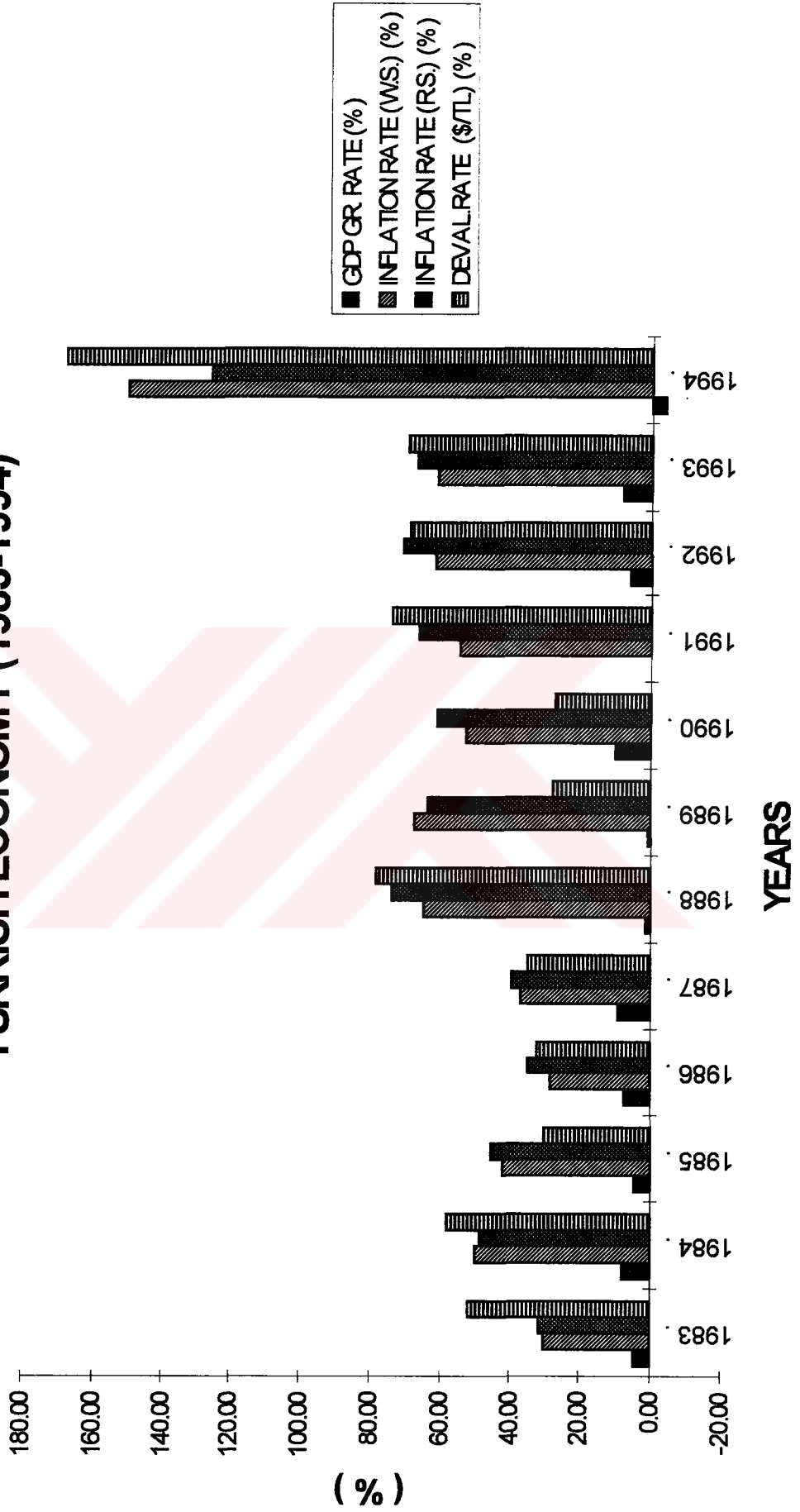


# EXHIBIT 7: ORGANIZATIONAL STRUCTURE OF TOFAŞ OTO



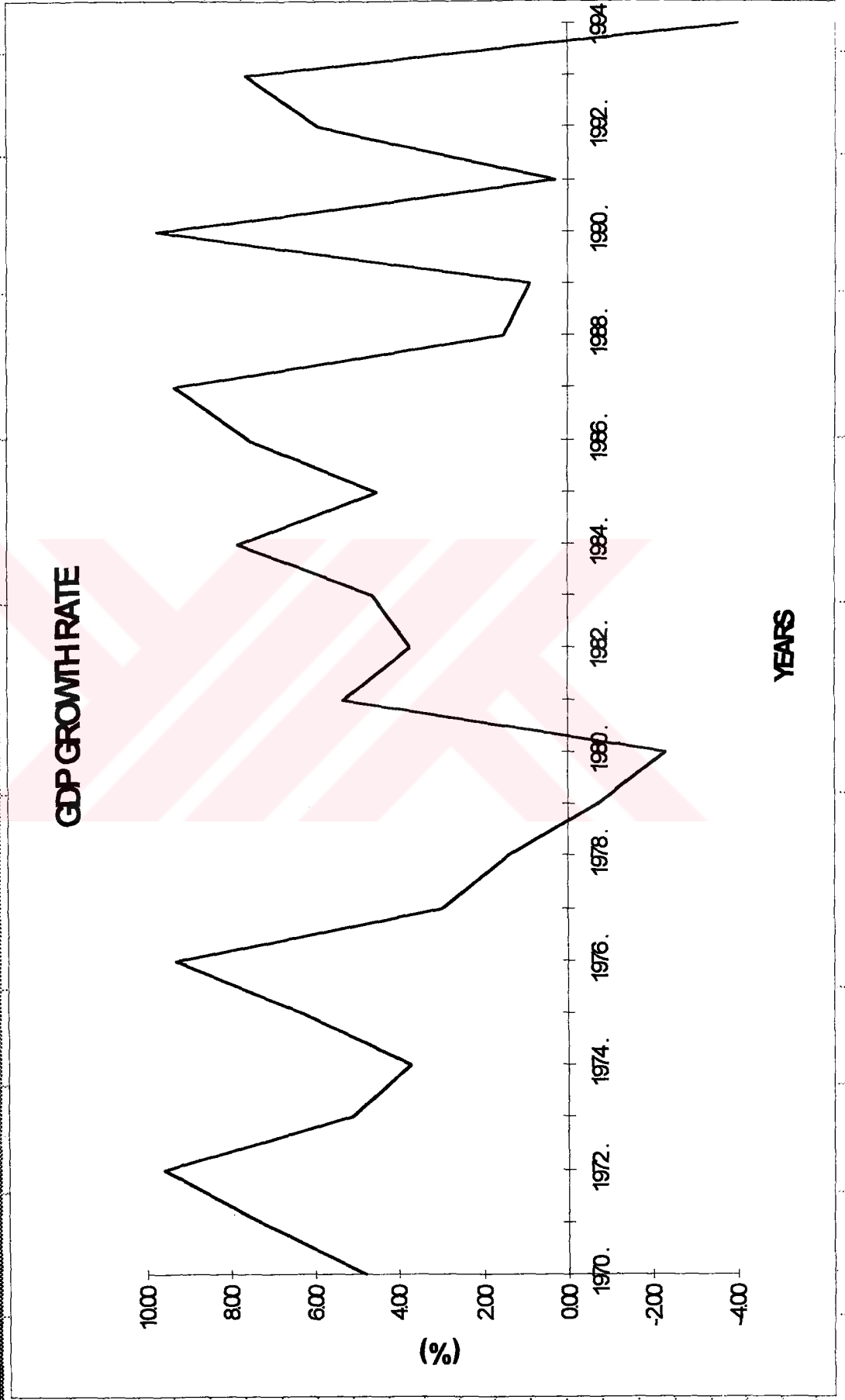
# EXHIBIT 8:

## TURKISH ECONOMY (1983-1994)

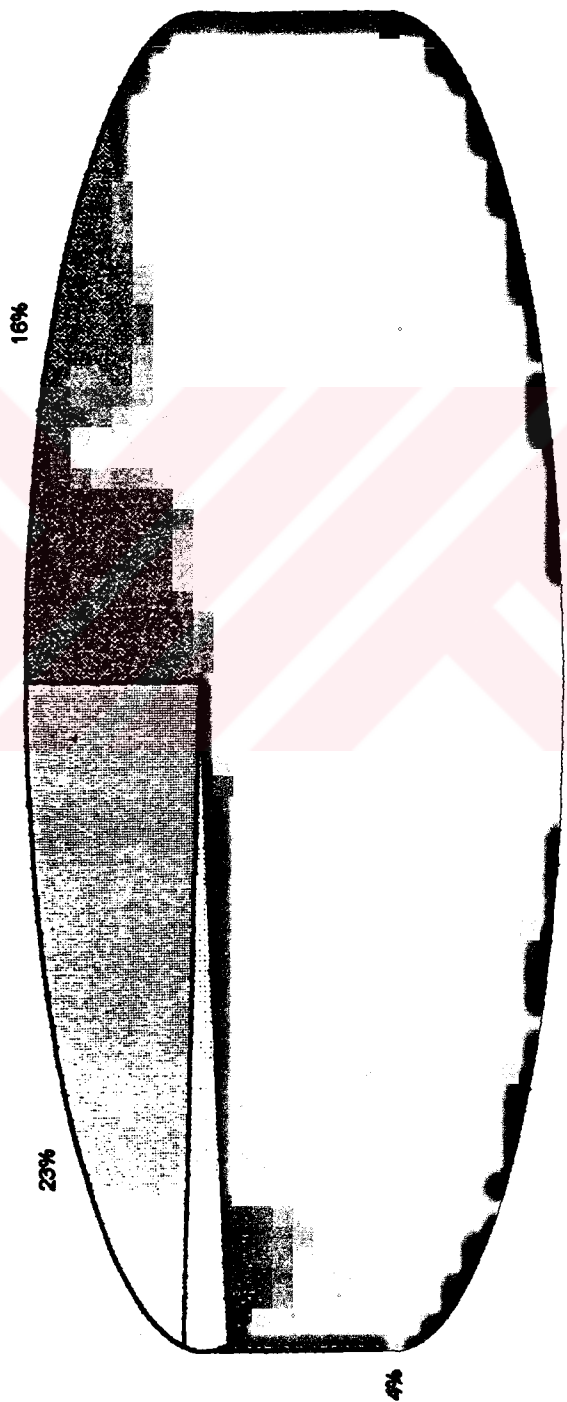




# EXHIBIT 9:



Cost Structure of TOFAS



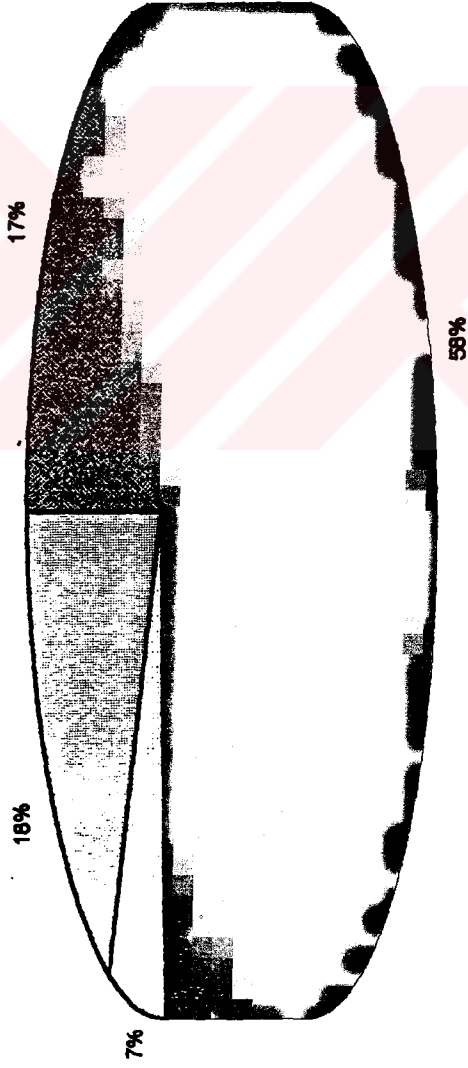
- Payment for Raw Materials
- Payment for components
- ▨ Net wages, salaries
- TOTAL TAXES

**Cost Structure of Oyak-Renault**

- ▣ Payment for Raw Materials
- ▣ Payment for components
- ▣ Net wages, salaries
- ▣ TOTAL TAXES

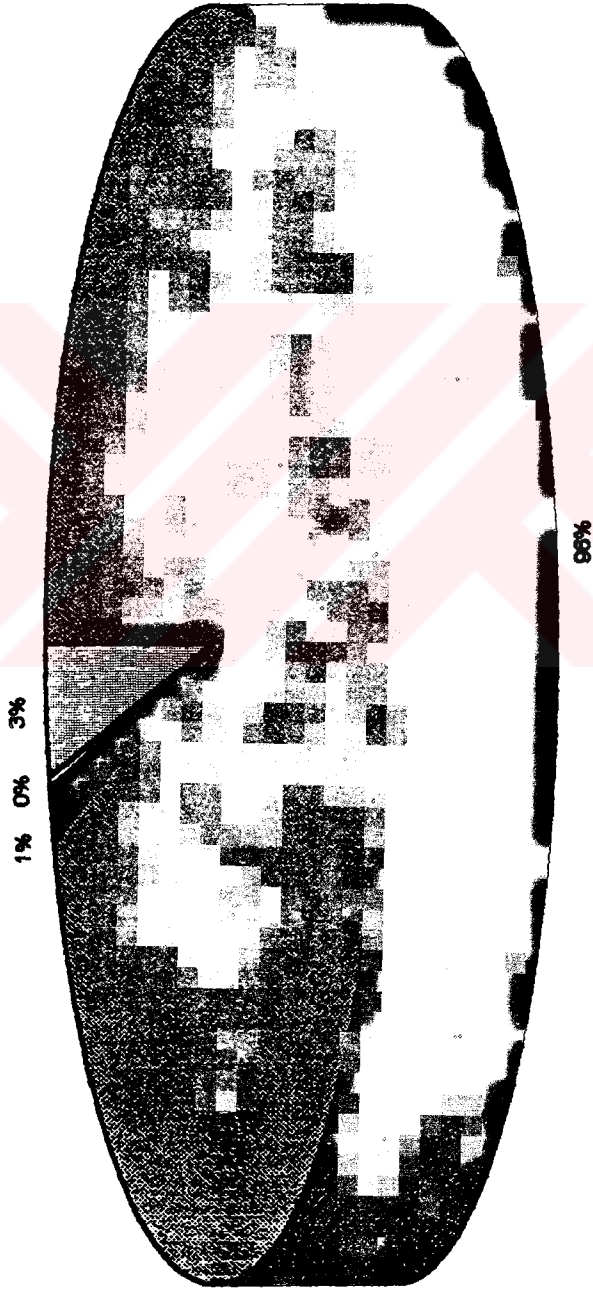


**Cost Structure of Otosan**



- Payment for Raw Materials
- Payment for components
- Net wages, salaries
- TOTAL TAXES

# Cost Structure of GM



- Payment for Raw Materials
- Payment for components
- Net wages, salaries
- TOTAL TAXES

	Tofas	Oyak-Renault	Otosan	GM
The production place	Bursa	Bursa	IST./Eskisehir	Izmir
Starting year of production	1971	1971	1959/1983	1990
Licence	FIAT	RENAULT	FORD	GM-OPEL
Capital (1.000 TL)	600,000,000	495,000,000	110,000,000	126,700,000
Foreign Capital (%)	41.5	57	30	100
Covered Area(m2)	309,311	167,000	80,203/44,138	15,949
Total Area (m2)	927,976	413,000	182,146/1,095,494	73,066
Production Capacity ( '84)	200,000	150,000	30,000	15,000

C Class Sales	1994												1995					TOTAL
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb				
Astra 1.4HB									164	232	137	101	48	38	731			
Astra 1.6 HB										45	99	125	114	118	501			
Escort	703	772	815	518	444	109	402	190	385	273	549	559	252	398	6367			
R 11 Flesh S	273	149	80	43	67	57	102	93	127	69	64	71	57	46	1298			
R 11 Rainbow	297	159	78	27	53	30	138	38	81	44	33	40	12		1030			
R 12 TX	1409	1150	478	490	999	216	505	283	761	595	874	673	582	542	9357			
R 9 GTC+Spring	1696	1300	838	320	532	311	549	325	736	471	790	732	641	580	9821			
R 9 Fairway	1873	1384	722	11			40	1	409	738	519	438	76	136	6347			
R 9 GTE+BVA	4448	3069	1730	1307	2335	1321	1467	1354	2441	2319	2515	2522	1607	1412	29847			
Corolla 1.3													330	324	654			
Doğan L+SL+S	2449	1773	1484	1517	1242	972	1383	728	1445	1139	1028	1078	828	874	17920			
Doğan SLX	1822	1409	1458	1422	1754	694	2630	1194	2419	2048	1598	1987	1081	756	22258			
Şahin	6680	4834	5224	3402	3692	2474	3915	1931	4355	3614	3351	4227	2167	2228	52094			
Tipo S+SX+SLX	1173	618	484	489	403	253	840	272	442	372	295	343	328	539	6851			

D Class Sales	1994												1995					TOTAL
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb				
Vectra 1.8 AK	234	155	128	65	12	14	100	12	114	79	95	97	43	40	1188			
Vectra 2.0 CA	748	224	398	107	61	97	335	108	339	444	582	587	396	367	4791			
Vectra GT-GT	74	50	68	4	9	14	15	13	59	14	48	112	55	98	631			
R 19 Europe RNT.										285	318	634	368	463	2076			
R 19 Europe RNT.										488	324	747	544	689	2792			
R 21 Manager	363	161	139	55	64	10	128	41	85	47	47	51	28	25	1235			
R 21 Optima	393	188	70	39	42	5	123	25	60	26	20	26	39	6	1062			
R 21 TXE Concord	62	72	41	21	41	38	28	53	76	57	59	50	5	40	643			
Corolla 1.6													766	761	1527			
Tempra	1278	554	479	714	458	365	886	357	563	348	321	345	266	331	7275			
Tempra 2.0i.e.	70	40	62	67	59	71	180	159	118	47	24	47	12	24	990			



**STRATEGIC AUDIT OF TOFAŞ:  
A KOÇ HOLDING/FIAT S.p.A.  
JOINT VENTURE**

by

**Ali Tarık uzun**

**KOÇ UNIVERSITY**

**1995**

**T.C. YÜKSEKÖĞRETİM KURULU  
DOKÜMANTASYON MERKEZİ**