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João Mantovani

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The race for the AutoData Award 2017 begins

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The AutoData Award is the main business recognition in the Brazilian automotive sector. This year will be its 18th edition. The process of choosing the contenders suffered a few modifications through the launch of new categories and the fact that the participating companies will be honored in a single event, conducted in early November, in São Paulo, where AutoData Editora's 25th anniversary will be the other highlight of the event.

The Award will be composed of seventeen categories, eleven of which focused on business excellence, five products, and Personality of The Year, for executives. All of these companies, products, and executives are automatically

honored with the title Best of the Automotive Sector 2017.

Three new categories were introduced, two business and one product: Powertrain, which replaces the Engine category; Marketing, Communication; and, Advertisement; and, Imported Vehicles. The Producers of Bus Bodies and Producers of Road Implements were merged into one category, now called Producer of Bodies and Implements.

This year, AutoData Editora's journalists chose forty-one companies, twenty vehicles, and for executives to receive the Best Of the Automotive Sector 2017 title. As a result, they will compete for the AutoData Award. The election process begins in September. The complete list can be seen below, and it will also be published in the 336th edition of AutoData Magazine, in August. As usual, the corresponding cases for each indication will be published in September's edition of AutoData Magazine.

The winners in each category are elected by direct vote from AutoData Magazine and

AutoData News Agency readers, as well as the participants in the Outlook 2018 Congress, which will take place in São Paulo, on October 16 and 17.

In order to vote, AutoData subscribers must access the respective area in a new site. By the end of this month, this space will be available

for reading the cases and electronic voting, an additional new feature of this edition of the Award. The participants of the Congress will also be able to vote electronically throughout the two days of the event.

The list of the Best of the Automotive Sector of the AutoData Award can be found below: [WE](#)

Final Contenders of the AutoData Award 2017 – Best of the Automotive Sector

Passenger and Light Commercial Vehicles Manufacturer			
Caoa Montadora	General Motors	FCA	Volkswagen
Commercial Vehicles Manufacturer			
Ford Caminhões	MAN	Mercedes-Benz	Volvo
Agricultural and Construction Machinery Manufacturer			
AGCO	CNH Industrial	Volvo Construction Equipment	
Systems Suppliers			
Aethra	Magneti Marelli	Robert Bosch	thyssenkrupp
Parts and Components Manufacturer			
Borgwarner	Neo Rodas	Prima Automotiva	ZEN
Powertrain			
Cummins	Eaton	MWM Motores	ZF
Producer of bodies and implements - trucks and buses			
Caio Induscar	Librelato	Marcopolo	Randon
Management			
Eaton Cummins	Honda	Mercedes-Benz	PSA
Technological Innovation			
Delphi	General Motors	Renault	Volvo
Exporter			
Marcopolo	Scania	Toyota	Volkswagen
Marketing, Communications, and Advertising			
Iveco Bus	MAN	Renault	Schaeffler
Passenger Vehicle			
Fiat Argo	Hyundai Creta	VW up! TSI Conect	Renault Kwid
Light commercial vehicle			
Chevrolet S 10	Fiat Toro	Ford Ranger	Mercedes-Benz Sprinter
Truck			
Ford Cargo 816	Mercedes-Benz Actros	Scania R 440	VW Delivery 8.160
Bus			
Iveco Soulclass	Mercedes-Benz O-500	Volkbus 17.230 ODS	Volvo Híbrido
Imported Vehicle			
BMW i3	Citroën Grand C4 Picasso	Ford novo Fusion	JAC J6 Automático
Personality of the Yea			
Antônio Megale, president of Anfavea	Besaliel Botelho, president of Robert Bosch	Carlos Gomes, president of PSA	Roberto Cortes, president of MAN

The 3rd position bothers VW

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Volkswagen Brazil began its offensive to return to the top of the Brazilian market. Today, the vehicle manufacturer, which during decades held onto the first place in the ranking, is in the 3rd position, behind General Motors and Fiat, with a 12.6% market share. David Powels, its president, was emphatic: “The 3rd position in Brazil is not Volkswagen’s place.”

He said that, in the least, the 2nd position should be reached next year - followed by the leadership position by 2020.

“We started the offensive when we drafted our plans for the operation. With the new products that will be launched next year, the new Polo and Virtus, we will already be taking a significant step. Headquarters wants us to be profitable. Market leadership is a consequence. However, being in the 3rd or 4th place is not really ideal for Volkswagen.”

Powels said that one of the tactics is to renew the entire product line in Brazil within the next 3 years. This also includes the entry into a segment VW has been looking into, SUVs:

“We have projects for São José dos Pinhais and São Bernardo do Campo. We also have plans of producing a new model in Argentina. This is a segment that has been growing in the country. Medium hatchback and sedan consumers are migrating to sport-utility vehicles.”

According to numbers from Fenabrave, a total of 182,331 SUVs were sold in the Brazilian market this year, up to June, an increase of more than 10% when compared to the first 6 months of last year.

The Fox, according to the president, will also be reformulated. It will become higher and will be given characteristics of a sport-utility: “Women like tall cars. The driving position is higher and this is one of the modifications we are going to apply to the model.”

Another tactic, according to Powels, is to make the portfolio simpler: 2 years ago, there were 347 possible combinations available of Volkswagen products. This has been reduced to less than 100 and, by December 2018, the target is to reach 93 possibilities: "In 2019, we will be able to reduce this even further. This helps us to lower production and reseller costs. Inventory at the dealers becomes tighter. Brazil is a very different market when compared to Europe, for example, and the Brazilian like to wait a lot to receive the car. He wants to buy and take delivery of the vehicle. With a simpler portfolio, this will become easier."

According to him, this initiative was a demand from its dealerships owners, through its association, Assobrav: "Getting closer to the dealer network is important at this time of market recovery. Today, there are 545 stores, owned by 237 groups, a large enough network for today's volume, but ideal when we will have the completely renewed line. We are prepared for our offensive."

Last year, VW registered sales of 228,473 units. By June, sales totaled 100,206 units, according to Anfavea.

"This year, we should grow market share in Brazil and Latin America. We expect to reach sales of 430 thousand vehicles in the region, including 300 thousand units in Brazil. Despite this performance, we will still not register profits for the year. It is impossible to profit in today's market. Everyone will lose money this year."

According to Powels, the Brazilian operation has been registering losses since 2015.

Exports - Production in Brazil, according to the president, is expected to grow to more than 400 thousand vehicles at the company's three plants in Brazil. Last year, this volume totaled 335 thousand units, followed by 425 thousand units in 2015. This volume was supplied to 28 countries that compose the South American and Caribbean regions: "We have plans to ship 150,000 vehicles abroad this year. In 2016, export shipments totaled 106,000 units."

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The state of Rio Grande do Sul creates a rescue plan

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The government of the state of Rio Grande do Sul is set to present a plan to attract business to companies that belong to the state's dwindling automotive sector this week. The sector is composed principally by companies linked to the production of bodies and implements. The fomenting program, called Plano Mult, will include fiscal incentives, direct investment, and the promotion of partnerships between the sector and research and development institutions.

According to the state's Secretariat of Economic Development, Science, and Technology, the document should be concluded by Friday, 21. A few items are still pending, such as resources from the state that will be available for the sector, priority sectors, and companies and institutions that will participate in the Plano Mult. Despite some gaps, this issue has been a theme of discussions between the government and state companies since last year.

According to the government, the plan represents a way of increasing the companies' levels of technology, even if it is not a characteristic of the region, but of the Brazilian automotive parts sector as a whole, according to George Rugitsky, president of Freudenberg-NOK, and Sindipeças councilor:

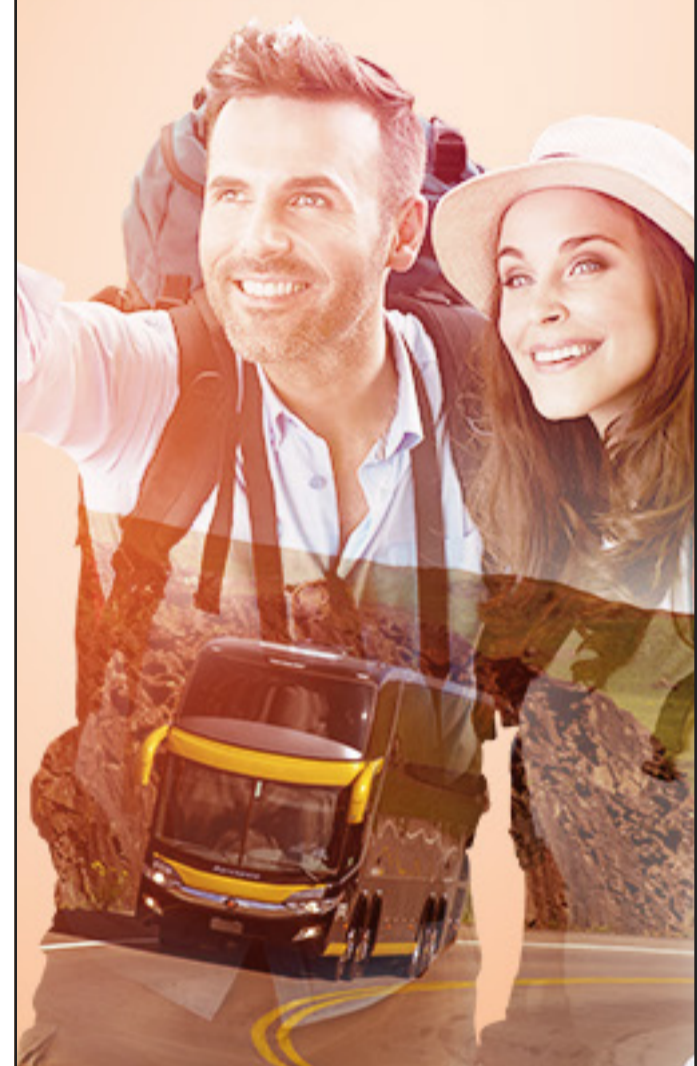
"The sector has been facing the same obstacles that are preventing companies all over the country from becoming more competitive. The initiatives should correct the industrial structures, not only seasonal issues."

The state of Rio Grande do Sul accounts for approximately 60% of the country's production of bodies and 12% of the production of chassis, both for buses, according to the state government's data for 2016. It also detains 50% domestic market shares of road implements, and tractors with wheels/tracks, respectively. One of the measures studied to enable the growth of the local industry is to grant incentives to the vehicle manufacturers that invest directly in improving their

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suppliers, whether through the acquisition of machinery or the transfer of processes to their production lines.

Within the state, the plan is seen as a way of helping the implements and body segments to gain competitiveness, including exports. The sector was directly affected by lower domestic truck and bus sales and searched for business abroad that would allow them to sustain their operations. Betting on exports has already shown positive results, despite being insufficient to make the segment return to growth.

According to figures divulged by Anfir, the Brazilian association of implement manufacturers, the number of license registrations dropped 20.5% between January and June this year when compared to the same period last year, representing slightly more than 25.3 thousand units, light and heavy. This is the lowest negative ratio registered by the industry up to now.

Antônio Jorge Martins, professor of the automotive chain management course at FGV, Fundação Getúlio Vargas, believes the Plano Mult program is ambitious because, in many aspects, it is new in the country:

“Acting upon the relationship between the customer and the supplier is something that is relatively new in Brazil. The sector believes that, in these cases, there will be a transfer of responsibilities of leveraging businesses in a determined industry. However, if the incentives to the links capable of the highest investments in the chain are confirmed, there is no doubt that it will be beneficial.”

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Vehicle manufacturers search for the old

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Vehicle manufacturers established in Brazil are using creativity to overcome the crisis and present satisfactory results to their headquarters. Some of them are betting on after-sales to improve their margins. Such is the case with FCA, MAN Latin America, and Mercedes-Benz, which launched cheaper aftermarket parts lines to attract customers that, once the warranty has ended, no longer visit the dealers.

FCA, through Mopar, its after-sales arm, launched a line of parts for Fiat models with more than 3 years of use in May. The Classic Line, according to the company, was projected to meet the increased demand from its used vehicles. According to its projections, currently 80% of the Fiat fleet in circulation is more than 3 years old. This represents approximately more than 7 million vehicles that are no longer covered by warranty.

Francesco Abbruzzessi, Mopar's director for Latin America, says that, in a moment of crisis, after-sales should be more active and try to retain the customer that consults the

independent repair shop after the guarantee expires:

"One of the ways of bringing this consumer back to the dealer is exactly by offering a line of parts with the same quality as the original, but with a better cost/benefit ratio."

Initially, according to Abbruzzessi, 180 items, divided into 8 categories, will be offered: cables, belts and tensioners, clutches, windshield wipers, filters, breaks, suspension and lighting: "these parts have a higher turnout. We also always use local suppliers, companies that are our partners already."

All of the items, according to the executive, are tested and certified by Fiat's engineering.

In trucks, the same logic applies: retain the customer with services and parts at more competitive prices. MAN Latin America also launched, in May, its line of parts, called similars. Osmany Baptista, executive manager of parts and accessories, said that the company has been preparing the entry

into this segment for the past 3 years and has been selling high turnover parts at more competitive prices:

“We used to work in the segment with cheaper parts containing the same quality as the original ones, but not with the Economy brand. Since its launch, we have already increased sales revenues by 50%. It’s a good performance indicator for the area.”

Baptista added that Brazil is the first country to have this brand of similar parts for heavy vehicles. In automobiles, Volkswagen has consolidated itself in the world: “we have a portfolio of approximately 60 items that are produced by ten suppliers. Some of them are already partners in other components applied to our vehicles. We negotiated with these companies and managed to obtain a reduction in production costs. All of the parts are certified by our engineering.”

According to the executive, the potential fleet is estimated at 300 thousand trucks, ranging between 5 and 8 years old: “I usually say that the truck is like a son. When as a child, it accompanies the parents. Adolescents already have their own will and, many times, do not want the same program. When adults, they are no longer with their parents. We want to attract this customer that owns trucks ranging

between 5 and 8 years old, which, to us, is an adolescent.”

At Mercedes-Benz, this business is already more structured. Since early 2014, the Alliance Truck Parts brand has been at dealers throughout the country. Mauro Santos, parts manager at Alliance, stated that between January and June a total of 40,000 parts of the brand were sold, representing a growth of 150% when compared to the same period last year:

“For next year, we expect to reach 120,000 components. In 2016, we sold 55,000 items. We are active not only with Mercedes-Benz vehicles: we have parts for trucks from other companies. This is why we sustain this growth expectation. We have a potential to supply to 70% of the Brazilian fleet.”

Today, Alliance has a portfolio composed of 353 items. Since 2014, 109 thousand parts have been sold: “We conquer new customers every month. In the first semester alone, we registered 15,000 new consumers and Brazil. The brand is in growth mode.”

According to Santos, the parts, like its competitors, are certified by Mercedes-Benz, and are, on average, up to 50% cheaper than the original components.

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