

Ford Switches Focus as Demand Falls

By [Anatoly Medetsky](#)

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Sales of Ford's compact cars have plummeted this year, prompting the company to reorganize its production. **Ekaterina Kuzmina**

Ford is reducing output of compact cars and laying off staff at one of its Russian plants but will produce more sport utility vehicles and minivans at another.

In announcing the changes, the company cited the tailspin in demand for smaller vehicles like its Ford Focus so far this year.

Sales in the C-segment, which stands for compact cars, plunged 16 percent in the year's first half, compared to the same period last year, the company said in a statement.

But people bought 11.5 percent more SUVs, such as Ford's Kuga and Explorer models, the statement said.

Ford Sollers, a joint venture that represents Ford in Russia, said late Thursday that it would reduce the number of shifts at its plant near St. Petersburg from three to two as of Sept. 30.

Before then, the plant, which assembles the Focus and Mondeo models, will suspend operation for a total of 20 days throughout August and September, Ford Sollers said in the statement.

It already shut down production on Aug. 2 and 9, a spokesperson said, Interfax reported.

Fewer shifts will mean the plant will reduce its 2,700 headcount by the end of the year, Ford said, adding that it invited the union for talks.

On the other hand, Ford will churn out more Kuga and Explorer cars, as well as Transit minivans, at its Yelabuga plant in the republic of Tatarstan.

“In response to market demand, the Ford Sollers joint venture continues to enhance production of SUVs and commercial vehicles in order to increase its presence in these fast-growing segments,” the statement said.

Ford Sollers’ chief in Russia, Ted Cannis, sounded the same note in an interview with U.S. industry publication Automotive News, which came out last week.

“The market is shrinking, but we’re seeing that customers are buying higher priced vehicles with more content,” he said. “We cannot source enough SUVs right now. Explorer sales quadrupled and Kuga sales tripled in the first half.”

He added that carmakers have been watching closely how Chinese brands, whose sales in Russia are soaring but remain a fraction of the overall market, are becoming more competitive.

Ford’s overall Russian sales dropped 19 percent in the year’s first half in a market that fell 6 percent, according to the Association of European Businesses in Russia, which tracks the local auto market.

Ford sold 51,000 cars, while the country’s total car sales slid to 1.333 million vehicles.

The general decline slowed in July, measuring 8 percent month on month, according to the association’s latest numbers.

“There are indications ... that the rate of decline has reached its peak in the second quarter and that we can expect a gradual improvement to the point of stabilization in the coming months,” Joerg Schreiber, chairman of the AEB’s automobile manufacturers’ committee, said in a statement.

The Industry and Trade Ministry expects the market to contract by 2 to 4 percent this year.

Contact the author at medetsky@imedia.ru

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