

CHAPTER 1 Introduction

The concept of Automotive Supplier Parks (ASP) is a relatively new phenomenon in the Automotive Industry that emerged in the decade of the 1990's. Starting with Greenfield sites in Brazil, this concept began to spread over to Western Europe and had a great outburst. Today, the supplier park wave shifts over to Central and Eastern Europe and emerging markets, particularly Latin America.

A supplier park can be defined as a cluster of suppliers in the immediate proximity of the car manufacturer's plant, be it under the same roof, on one adjacent site or close to the plant, creating a lot of expectations between the OEM (Original Equipment Manufacturer) and its suppliers.

A decrease in the transportation cost, better establishment of inter-firm-contacts and a better JIT-delivery, are just a few of the advantages the participants have at the beginning of the park foundation.

Nonetheless, rising problems of quality and a rapid decrease in the foundation of Supplier Parks in Western Europe have put the concept of supplier parks into question. Apparently, geographic proximity, the key concept and catalyst of supplier park creations, cannot be taken as a panacea in order to deliver the goods on a Just-a-time-basis.

Especially smaller automotive suppliers have been "complaining" about their current situation, as they generate only low profit margins. Besides, they say that the OEMs influence is too strong and that car manufacturers set up the rules for the suppliers. This is on the one hand not surprising, as in almost every case the car manufacturers plan the design and the composition of the parks and the suppliers are mostly invited (or often pressured) to enter and participate. But on the other hand there must be other motives for the suppliers to complain.

Supplier parks are primarily reserved for big suppliers who have a great bargaining position. Most suppliers therefore have to locate elsewhere, often relatively far away from the car manufacturers. The question of JIT-delivery becomes even more evident, as there are a lot of external influences that might

disturb a frictionless transport such as: bad infrastructure and heavy traffic, among others. That is why the coordination of demand and transport to assure JIT-delivery to the final assembly is extremely important.

In the course of the thesis, I will address the following principal issues:

Which are the advantages and disadvantages of the suppliers located in the supplier parks, in general, and in the Mexican environment?

Which are the dilemmas for the suppliers? Do certain alternative concepts to supplier parks exist and which role can freight forwarders play concerning these alternatives?

Based on the issues, the basic objectives of the thesis are:

- Giving a broad evaluation of the concept of an Automotive Supplier Park, illustrating the different types of supplier parks, pointing out their advantages and disadvantages for the suppliers.
- Taking a specific look at Mexican supplier parks on the basis of two examples, elaborating benefits and limits of the parks and evaluating if Mexican supplier parks have the same advantages and disadvantages as the ones elaborated in the theoretical approach.
- Investigating alternative ways that go beyond geographical proximity to assure JIT-delivery and analyzing the importance of freight forwarding companies in this process.

The paper is structured as follows: The first section is dedicated to a broad literature review relevant to the concept of Automotive Supplier Parks. I will elaborate a definition of a supplier park, its main characteristics and the underlying theoretical concepts.

Another emphasis will be put on the elaboration of the advantages and disadvantages of an Automotive Supplier Park. The last part of the section is used to investigate current trends and to name alternatives and related concepts.

The second section takes a deeper look at the Mexican supplier parks, in which I will explain firstly the general supplier park landscape in Mexico. In the second part I will describe two Mexican supplier parks in specific, explaining

their administration, employment and the relationship between OEM and suppliers.

The third section is dedicated to the JIT-delivery of suppliers located outside of supplier parks. Based on an empiric analysis, I am going to elaborate key factors for their JIT-delivery, how they assure the timely delivery and how essential they consider communication between themselves and the car manufacturers. Based on this analysis, I will evaluate the applicability of the alternative Supplier Park concepts in the Mexican environment.

A second part in this section will be about the importance of freight forwarders in the relationship between OEM and suppliers in Mexico. In this case I will evaluate the impact that the freight forwarders have in the JIT-delivery and how they see themselves in this process through the example of ABX Mexico.