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Corporate Identity as a Strategic Tool for Companies to Remain Competitiveness in Car Industry during Current Financial and Economic Crisis

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Abstract
The paper is based on analysis of the theoretical basis of one of the most important strategic business tools of building process in firms - Corporate Identity (CI), its importance, roles and functions, with emphasis on the use of the phenomenon in car industry which represents a strategic creator of GDP as well as an employer on the international markets, including Slovakia. The aim of this paper, (based on the theoretical basis and practical examples) is to identify the impact of financial and economic crisis on development of CI in selected business entities operating in car industry in the EU (in Slovakia), focusing on production of passenger cars. Also to outline possible future trends of this phenomenon while taking into account changes in consumer behavior as well as in the international business environment.

Jel Code: F23, L20, L62, M31

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1. Introduction

Current hectic, and in many areas paradoxical development of a society which integral part is also a sphere of firms influence in international and socio-economic environment, raises many unanswered and also new questions. The key issue for business entities is how to face the rapid globalization of markets, increased competition, more and more demanding surroundings represented not only by customer groups and consumers, but also the growing pressure of other elements of micro and macro environment. This environment is even currently formed by influences of current financial and economic crisis, nowadays officially called the crisis of society - the crisis of values.

Former competitive advantages of firms are gradually disappearing because of the competitive struggle - many firms achieve in areas such as technical standard of products, price relations, optimization of distribution and logistics system similar, if not, the same parameter level. Facing growing global competition today means for firms to build trust, sympathy and literally "emotional ties" with their surroundings by a proper communication of corporate attitudes, opinions and ideas, their overall behavior towards the elements of their micro and macro environment.

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Under present conditions of current financial and economic crisis, the need to differentiation of business entities in the turbulent environment of international markets, with a solution of profiling optimal CI is even more growing.

At the end of the 20th and beginning of the 21st century, international division of labor acquired a new, higher level due to growing phenomenon of transnational corporations (TNCs). They represent a group of companies occupying one of the key positions on market and, at the same time, they interfere in all areas of economic life and affect not only economic performance of countries, regions or areas around the world, but also modify the overall socio-economic climate. Precisely these companies have developed a comprehensive strategy for building positive CI and the means to its improvement.

For mentioned reasons, the aim of the article (based on a theoretical basis and practical examples) is to identify the impact of financial and economic crisis on development of CI of selected business entities operating in car industry in the EU (Slovakia), focusing on production of passenger cars. Also to outline possible future trends of this phenomenon while taking into account changes in consumer behavior as well as in the international business environment.

2. Literature review

Professional public dealing with issues of CI phenomenon is not uniform in matters of defining its content. This created a number of views (definitions) for this phenomenon. The inconsistency of opinions is also related to the nature itself as a social category characterized by the dimensions of interdisciplinary and multidimensionality able to transform its character and vary in space and time. The amount of CI concepts is at a sight terminologically different, but the essence - its content related, based on the fundamental elements of CI - mix of which content changes with the modifications of socio-economic environment. Based on the above, CI can be characterized as an interdisciplinary and multi-dimensional phenomenon subjecting to changes in space and time, through which the company communicates with its internal and external environment, and thus seeks to create optimal image - the image of itself. It should include a comprehensive view on the company, its history, character, philosophy, vision, people - employees as well as the ethical and moral values that the company adheres to. CI is something by what the company can be clearly identified and distinguished from other competitors in the market. So defined, CI is determined by several factors, so called CI mix that allows the company to be specific and thus easily recognizable.

CI is a tangible manifestation of personality of the company. It is a summary of all consistent objects and behavior modes through which the company presents itself to the external and internal environment, and which is also reflected in the corporate culture and corporate image (Zorkóciová, 2005 & 2007).

CI represents strategy - a coordinated and integrated activity governed by the corporate strategy from top to bottom. The background for building a clear CI is to set a vision, a mission and strategic objectives. At the same time, the CI within the corporate strategy should meet the criteria of multidimensionality, synergy and multispectral targeting. It follows that the basic attributes of CI involve a clearly defined corporate strategy, confidence and trust, functioning internal communication, clarity, consistency and uniformity (Zorkóciová, 2005, 2007; Bouchikhi, Kimberly, 2007).

It is important that all stakeholders perceive the company equally which is a prerequisite for a comprehensive and direct integration of CI into marketing, product, pricing, communication, distribution and other business strategies.

 ISSN 1927-033X

The content of CI is a set of measures, business principles, business fundamentals, concepts, ideals, statutes that (Zorkóciová, 2005, 2007):

- define the core values and objectives and ensure their acceptance,

- determine strategies that ensure optimal path from the current state to a desired one,

- assign resources to activities required by these strategies.

Among basic functions of CI belongs an information and communication function - in order to achieve on one hand so clear and positive associations connected business reputation as well as transparent and by employees understood and followed concept of CI; a function of image creating - in order to build affection to the company in sight of stakeholders; a function of influencing a relationship and an integrated function - in order to create synergies within the company.

Three types of CI international dimensions can be defined (De Pelsmacker, Geuens, Van Den Bergh, 2003):

1. monolithic CI (a single visual and communication presentation of the company, f.e.: McDonalds)

2. delegated - managed CI (subsidiaries have their own identity style towards the parent company, which always stays in the background, f.e.: Danone)

3. brand CI (each division or product has its own identity for example as a consequence of merger of existing companies, e.g. Procter & Gamble).

Based on the analysis of environment (external, internal), CI can be understood in two ways - as an external and internal identity. External identity is manifested as external corporate behavior in the materialized form through (Zorkóciová, 2005 & 2007):

- products and services that affect the image and awareness of the company,

- environment inside the company, which affects workers and employees who also contribute to the awareness of the company,

- communication with environment, which is directed to the external as well as to the internal environment.

Internal identity is manifested as internal corporate behavior implemented through different ways of management or a personnel policy. These principles are embodied in the so-called company codes of conduct or ethical codes of conduct. At the same time, internal corporate behavior is governed by unwritten rules such as corporate rituals, ceremonies, celebrations which are often a suitable tool for building a strong and respected CI.

As a part of meeting the objective of our scientific paper we focused on investigation of forming the external identity strategy in selected TNCs operating in car industry, specifically manufacturing passenger cars, in a historical context. Car industry - passenger car production represents an important industry, not only in global economy, but is also a very important sector for development of the Slovak economy. In addressing the above mentioned issues we applied scientific methods of investigation, particularly logical-historical method through which we identified the most important changes in the applications of business strategies of selected business entities operating in car industry in the EU (Slovakia), namely the Volkswagen AG (VW), PSA Peugeot Citroën (PSA), Kia Motors Company (KMC). Subsequently, using

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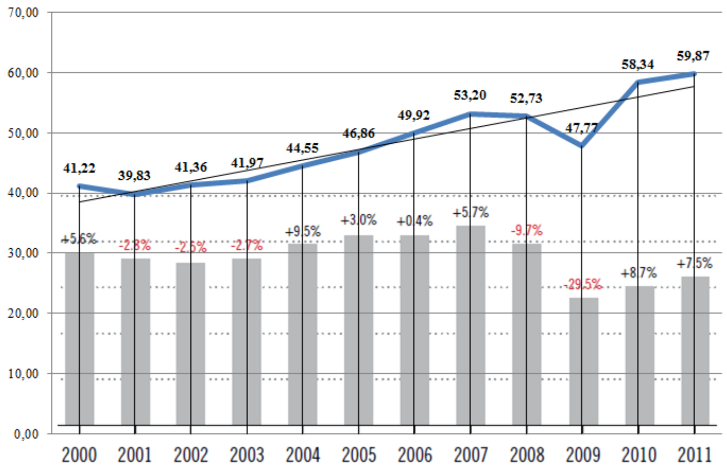
scientific analysis, we identified the successful and unsuccessful procedures of the companies in finding optimum ways of building their external identities and with comparison and subsequent synthesis we came to their evaluation. At the same time, by processing the field of study and preparing charts, mathematical and statistical research methods were applied.

3. Data and methods

To understand the process of building external CI of selected car producers it is necessary to describe the recent development in car industry, specifically in production of passenger cars in the EU and in Slovakia, considering turbulent changes mainly due to current financial and economic crisis which significantly affected the production of passenger cars, their sales and finally, consumer behavior.

Car industry – production of passenger cars, is now positioned in a paradoxical situation. On one hand, it is characterized by current strong growth in sales of passenger cars, particularly in the markets of BRIC countries and other emerging markets, but on the other hand, it faces a difficult situation in original markets, especially in Europe. The development of car industry in the EU is affected by the current situation in the international business environment: economic crisis, which is in current state called recession. During this period, sales of passenger cars as durable goods decrease on the market. This trend is, of course, reflected in production of passenger cars, which exactly replicates the pattern of buying new passenger cars, which can be evaluated on the basis of registrations of passenger cars in the EU during the monitored years 2000-2011) (see chart 1).

Chart 1 Development of passenger car production during the period 2000-2011 in pieces (pc) (indicated by the blue line) and passenger car registration in the EU (marked with colonnaded chart highlighting changes from the previous year in %)



Source: own proceedings according to OICA Production statistics 2006-2011(OICA, 2013; ACEA 2013)

As seen from the chart, the reducing number of registered passenger cars was recorded in the crisis period first in 2008 and culminated in 2009 (Transport and Communications, 2013). Since 2010 the number of registered passenger cars in the EU rose again (Vrandecic & Obradovic, 2005). However, even in 2011 this indicator did not reach the pre-crisis level, or even the level of 2002 or 2003, when there was a decrease in the long upward trend. Flowline of production of passenger cars follows the trend in their registrations; the largest decline was recorded in 2009. In 2011, 13 million new passenger cars were registered in the EU (Gambia, 2013), what is an increase of nearly 2.5 million less than in the peak year 2007. In 2011 the development of sales of passenger cars was not identical in all EU countries. While car sales in Germany rose by 9%, in other states declined eg.: in France by 2%, in Italy by 11% and in Spain

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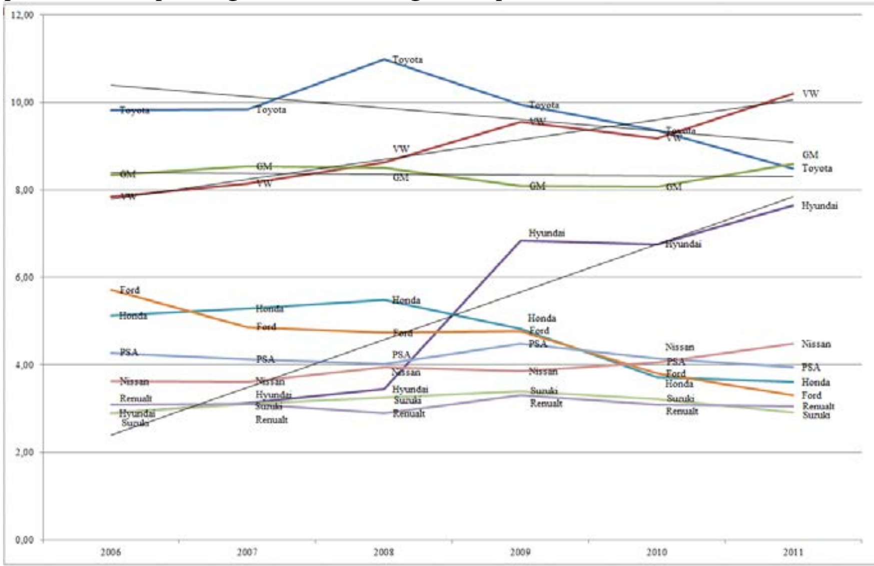
by 18%. In 2012, stagnation or a slight drop in sales of passenger cars was again expected and according to the European Automobile Manufacturers' Association (ACEA) (Green, 2013) the number of passenger cars sold should have been reduced to 12.2 million representing approximately 6% decline (ACEA Pocket, 2012). However, from January to December 2012, the results of the development of passenger car sales became slightly more negative. Recorded was a drop in their sales by 8.2%, representing almost 1 million car units. Development in regional sales was again different. While in the United Kingdom (UK) sales increased by 5.3%, in Germany as the country with the previous growth was a decrease of 2.9%, since in other EU countries, this decrease was even higher f.e.: in Spain by 13.4%, in France by 13.9% in Italy by 19.9% (ACEA Passenger, 2013).

The major players in car industry in terms of world car production in 2011 were: in the first place VW, in the second place General Motors (GM) and Toyota in the third place. In the fourth place the Hyundai company which in monitored years of 2006-2011, the so-called crisis years, has passed different way respect to the top three leaders - a significant increase in its car production. At the same time, by deeper investigation of lines of production of the commodity in the first three producers data, the growing trend in production can be seen only in case of the VW company, while decreasing trend in case of the Toyota company and in the case of the GM company the linear trend has shown a nearly identical horizontal direction. Within the top 10 players in car industry are 5 companies from Asia (Toyota, Hyundai, Nissan, Honda, Suzuki), 3 companies from Europe (VW, PSA, Renault) and 2 companies from America (GM, Ford) (see chart 2). It is clear that the companies do not produce all their production in their home countries, but outsource their production from markets of the third countries such as China, Vietnam and other markets where they gain lower car production costs. In the markets of these outsourced countries the parent companies entered through foreign investments, particularly joint ventures, while other forms of access their legislation at that time did not permit (VW Annual Report 2011& 2012).

Chart 2 World production of passenger cars according to the producer in units between 2006-2011



Source: own proceedings according to OICA Production statistics 2006-2011 (OICA, 2013)

Financial and economic crisis in the passenger car market in Slovakia showed in the greatest extent in 2008 and 2009. In January 2009, the monthly passenger car sales resulted in decline in Slovakia by 41.8%. Only 3,992 passenger cars were sold, while in January 2008 the sale was on the level of 6,862 cars. According to Peter Stanek, an analyst at the Economic

 ISSN 1927-033X

Institute of Slovak Academy of Sciences (SAS), it was a clear manifestation of escalating crisis, which caused declining purchasing power of the population having an impact primarily on the sale of durable goods (Andrejčák, 2009). In January 2009, a total of 4,682 imported cars were registered, what is more than the number of new cars sold through a retail network (3,992 cars). Individual import of passenger cars was especially favorable to customers thanks to the differences of foreign exchange rates in the Slovak neighboring countries (the Czech Republic, Hungary) (Andrejčák, 2009). 2010 and 2011 brought in the Slovak market recovery and changes in consumer behavior even towards sales of used cars. Customers began to prefer diesel engines (which can be attributed to the effort of saving money when buying fuel) and hatchback2 body, which is mostly a part of the lower class cars. In 2010, yet among Slovak consumers in car industry resonated no more fear of the crisis, still they reconsider their behavior willing to buy cars again (Consumers in crisis, 2011). In that year in Slovakia was established so-called “šrotovné (scrappage scheme)". Entitlement to scrap the car was generated from the Decree of Ministry of Economy No. 2/2009 and 3/2009 to a citizen who excluded his car older than 10 years from the operation. The scrappage scheme - ie. scrapping subsidy - were in the first and second round allocated funds in total amount of 55.25 million Euro for a maximum of 44 200 pieces of discarded cars. In both rounds were scrapped total 44 200 units of cars with an average age of 21 years. Ten bestselling models that customers bought for the "scrappage scheme", represented 43.75% of total registered cars purchased with the scrappage subsidy, what influenced very positively the development of car industry in Slovakia, but negatively the state budget (Scrappage in Slovakia 2010). The year 2011 can be characterized by a slight increase in passenger car sales in Slovakia.

The companies producing cars in Slovakia in 2012, started production of small cars that are adapted to the current economic situation, mainly due to fuel savings. However, the situation and prospects for the Slovak car industry in 2012 were uncertain. In January 2012 increased the number of new passenger car registrations annually by 8.11%. In February was also recorded an annual increase of 11.81%. In March 2012 there was a slight decline in registrations and in April the car sale in Slovakia became stable (increased only slightly by 2.1%). In the second half of 2012, in October, consumers in Slovakia bought 4 796 passenger cars, what is about 955 vehicles less than a month before (thus represents decrease in sales of almost 20%) (Toma, 2012). In the second half of 2012 were also higher car registrations fees introduced in Slovakia, and therefore decreased consumer interest in buying new cars. Maximum number of sold cars was recorded in September 2012, logically prior to the entry into force of a new, significantly higher registration fees action for the registration of new cars.

4. Results and discussion

As mentioned above, CI is understood as a strategic tool being built already in the beginning of the company and gets clear contours through its vision, mission, strategic objectives and professed values. In the next section of this paper we will identify the most significant changes in applications of CI building strategies in selected business entities operating in car industry in the EU (in Slovakia), focusing on a production of passenger cars.

4.1 CI building strategies in selected business entities

4.1.1 Volkswagen Group

VW Group, based in Wolfsburg, is a leading manufacturer of passenger cars in the world and also in Europe. VW history is dated back to 1904, when engineers built the first popular

[2] The body tends to be three-door or five-door, compartment in the tailgate.

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car "volks-wagen" inspired by Henry Ford, the most important car manufacturer in the United States at those times. In Germany, all manufactured automobiles were labelled as a folk concept vehicle with the name “Volkswagen”, regardless of the manufacturer. Only by registration of trademark VW together with logo including letters V and W in a circle, which was patented in 1953, started the era of actual building of CI of this car producer. Identifiers of VW were invented by a Porsche engine designer (VW History, 2013a). However, it should be noted that the history of VW (Sweeting, W. J., Winfield, P. H., 2012) is not associated with any significant name of any founder or engineer, as is the case of other car brands. Cars in the early stages of the VW Company belonged to a category that could be only afforded by a higher social class, since they were expensive articles for the needs of the mass market. The first factory was built in Fallersleben in 1938, according to the Ford's Detroit plant model, which at that time, was declared as the most advanced factory in the world. With the outbreak of the World War II, the factory involuntary changed the production of cars into the aircraft repair plant with heavy war mechanisms and armored personnel carriers production, and VW increased earnings in the period between 1940 and 1944 from 31 to 297 million marks. Decentralization of VW plant occurred after the bombing in 1944/1945. In 1945, after the Nazi leadership was over, we can talk about a new era of VW which was dominated by British government that provided to the company employees clothing, food and lodging in addition to their wages. In 1948, the factory was reallocated from Berlin to Wolfsburg. However, the employees that came to Wolfsburg perceived VW as a stopover on the way from Eastern to Western Europe. The biggest problem was the question of housing, because all suitable houses were destroyed during the war. VW has contributed to the reconstruction of houses and that´s why since 1950 we can speak about full service of VW and its workforce. Already since 1949 the company introduced VW program of social benefits. The period from 1950 - 1960 is characterized as a period of a mass production and the internationalization of German economy, while VW had been in the 50s of the 20th century a symbol of West German economic miracle. Except for Europe, VW sales activities expanded also to South America, specifically to Brazil by what that territory became number 2 in the internationalization strategy of the company (VW Chronicle, 2008). Already at that time VW had a very good reputation mainly due to world-famous model Beetle, which took the image of a reliable and economical car. It was designed for markets of developing countries, mainly due to low fuel consumption and robust technical design which permitted driving on unpaved roads. Model Beetle was a sign of the development of German economy and the best-selling car of the decade in the 50s of the 20th century, with a total market share of 40% (The history of the Beetle, 2008). VW production was becoming international, as company built branches in Brazil, South Africa and Australia. Over the time, this model had become the icon of the time that was available not only to rich people but also to the masses of society. In 1954, VW expanded into the USA. The payment terms of the VW workers also created a positive image of the corporate culture, which VW called "family". The employees worked so efficiently and were so loyal to the company that VW management decided to double the reduction in working time to 40 hours a week, which made the company a pioneer in the field of employee benefits. During the period of 60s of the 20th century VW was a state-owned company managed by the federal government and the Federal Council of Lower Saxony and subsequently underwent a partial privatization through issuing shares (VW Chronicle, 2008). The 60s of the 20th century brought crisis to the VW Company since there was a rapid increase of competition in the international markets. Due to the fact that VW in that period focused only on the production of popular model Beetle, it lost the market leadership and was forced to overpass cost reduction procedure. In the 70s of the 20th century VW started with acquisitions. VW bought Audi division from Daimler-Benz what somehow managed to adjust losses from the Beetle model. The main profitable markets, especially in the USA, started to stagnate and the image of the popular model Beetle declined, as well as its salability. However, VW had entered

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also into other segments. The company acquired a real estate company, which aim was to popularize VW cars to their customers not only through a purchase but also a lease. Oil shocks in this period led to a decline in automobile sales for all manufacturers, VW not excluding. However, its strong position in the market and the introduction of other models on the market such as Golf and Passat allowed VW, at that time, a 15% increase in sales, making it stable during turbulences in the market. Large wave of mechanization together with investments into production caused positive changes in direction of rationalizing and streamlining production to reduce costs. In Brazil, one of the most important markets for VW, economic crisis erupted together with inflation above 100%, this negatively reduced the VW sales almost by a third. U.S. market, the fastest growing market, began to stagnate and also here the salability of VW cars started caving. Sharpening competition of American and Asian producers drove VW management to review the company's strategy. It began to focus on maintaining technological advantages and increasing flexibility of production systems in order to be able to modify the number of produced individual cars according to market demands. Every single piece of the car could have been made according to customer's requirements, so-called “tailor made” cars. Introduction of computer-controlled material flow and inventory simplified the processes in VW that could streamline production and storage products. Gradually, in the 80s of the 20th century, mainly due to the saturation of domestic markets in North America and because of strict environmental requirements established in the developed markets of Europe, mass processes of automotive investments towards Asia-Pacific markets began. Those processes were carried out mainly through various forms of cooperation such as the use of existing capacities of Nissan Company or establishing of joint ventures. After expanding in Japan market, VW extended its operations in the People's Republic of China (PRC), mainly due to a release of the political situation. At that time stabilized the economic situation also in Europe and VW management expected market growth, particularly in France, Spain and Italy. Since 1981 VW cooperated with Seat Company. Based on strengthening VW position in Europe, the VW board decided to establish a new vision for the company – to be number 1 manufacturer in Europe. By strengthening its position in the markets of Switzerland, the Netherlands, Belgium and Scandinavia, VW managed to truly become the leader in car production in Europe in 1985. VW's strong position in the market facilitated the acquisition of Seat Car Company in 1986. During that period, although VW recorded losses in the markets of South America and the USA, in 1989 another opportunity for the company arose - market liberalization of the former socialist planned economies of Eastern Europe. Acquiring Škoda automaker in 1991, the 4th individual car brand with a good reputation and long history of production enters the group (VW Chronicle, 2008). Until the 90s of the 21st century, VW strategy was focused on internationalization and a mass production. Subsequently, the strategy was changed to the strategy of concentration on product diversity, increase productivity and return on investment. Modernization was driven in VW group by globalization which brought highly effective production and changes in functional divisions of the global production network. Crisis of recent years meant a change in the management structure of VW in the form of so-called “delayering” (reduction of the layers in the corporate hierarchy), the introduction of team management and the use of sub-suppliers for parts and components in production. In 1995, under the rules of lean management, VW introduces the role of mentors. Acquisition trend continued and in 1998, by adding the brands such as Bentley, Lamborghini and Bugatti to their group, VW entered also the luxury cars segment.

The first annual report of the overall "VW Group" was published in 1999 (VW Annual Report, 1999 & 2010). Production of cars in a given year reached nearly 5 million cars and annual growth was 6.3%, while the VW Group held 12% share in world cars production. In the 4-year- planning period, the key market for the entire group interest remained Germany - the domestic market for the next budget period 2000 - 2004 (VW Annual report, 1999& 2010).

Aggressive competition in the market and the ongoing crisis in the markets of South America led to stagnation of higher Group income growth. VW strategy at that time was determined as follows: VW was understood as a global automotive supplier with global presence. VW used the multi-brand strategy with innovative models while the diversity of brands at that time reflected the number of pavilions in manufacturing center in Wolfsburg, Germany. VW was declared as a company that chose in a globalized environment so-called multi-brand strategy to fulfil the needs and desires of customers. In 1999, VW group contained nine major automotive brands. The aim of VW was to succeed in innovation in all segments and in all markets. Based on this goal, the company product lines were deepen not only horizontally - new automotive concepts, but also vertically - entering new segments such as luxury cars, small cars and super mini.

In 2001 VW introduced SUV models by which all segments of customer needs and wants were covered. VW manufacturing plants switched to a system of equal parts. The total of 11 different models of VW uses the principle of "equal parts" that are used for different classes of cars. The changes also affected the employees whose working hours increased to a maximum of 34 hours a week, while their evaluation was linked to performance indicators of the company (VW Chronicle, 2008). In response to falling demand for cars in the European market and ever increasing fuel prices, VW created a small urban vehicle under the project named "New Small Family" (NSF) which includes models of Volkswagen up!, Citigo Skoda and SEAT Mii. Production of NSF required the investments of more than 300 million Euros into production. Directly in VW Bratislava plant the NSF production created more than 1,500 new jobs, the sale of these models began in 2012 (VW New Small Family, 2013).

The most important year of VW in the last decade was 2007, when the current president announced the VW Group's new growth strategy called “Strategy 2018”. The key element of the Strategy 2018 is VW Group's position as the global economic and environmental leader among automobile manufacturers. In 2018, VW Group plans to be the most successful and most fascinating car manufacturers in the world (VW 2011 Annual report, 2012).

Building CI in VW Company is not being implemented by building one universal group CI called monolithic, but by so-called delegated or controlled CI. Individual brands falling under the VW Group build their own CI. After the acquisitions, the individual group brands were not changed to the parent brand, but they could keep their own original individual characteristics, their own strategy of building CI. CI is centrally managed under the requirements of the German center. Each CI of various brands together helps building a successful CI of VW Group as a whole. The connecting link of all individual brand identities is a major center and headquarters of the VW Group so-called “Autostadt “in Wolfsburg. Autostadt was established in 1999 and was opened on the occasion of the world exhibition EXPO 2000 (Volkswagen's Autostadt, Engineered for a Good Show, 2012). It was built as a center of heritage and abilities of VW Group. CI is communicated through uniform presentation elements which in cases of group themes are performed under no brand, logo or slogan, but just under the group name, which is consistent with the VW brand itself. In group writings the logo letters V and W in a circle does not exist. The history of the VW Group also begins with the history of VW, which shows a strong identity of this brand CI.

VW Slovak plant was established in a similar way as other VW acquisitions, through brownfield investments - acquisition of Bratislavské automobilové závody (Bratislava Car Plants) in 1991 (VW History, 2011). The concept of Bratislava plant CI fully replicates the concept of the CI of VW Germany. VW during building CI in Slovakia did not significantly

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adjust individual elements of CI mix; it just implemented well-established processes of building an optimal CI developed in Wolfsburg, Germany.

4.1.2 PSA Peugeot Citroën

PSA Peugeot Citroën (PSA) is one of the top 10 car producers in the car industry in the world and the 2nd largest car manufacturer in Europe. PSA manufactures two brands of cars: Peugeot and Citroën. History of the group is tied to a different history of building each of the brands. Peugeot was founded in 1890 by Armand Peugeot (1849-1915) a representative of a large family of industrialists and engineers. The first Peugeot car had been designed in a family business established in 1885, which specialized in the production of bicycles and quads (Peugeot, 2013a). There is a clear distinction between building CI in PSA and VW since in Peugeot a strong personality of the founder can be identified. In 1914 Citroën's founder, André Citroën, founded his own company to manufacture ammunition. The company had proven so successful that at the end of the war Citroën purchased Mors (car manufacturer), in which André Citroën previously worked as a president. In 1924 Citroën became the main producer of cheap mass-produced cars. In 1933, 90% of vehicles operating taxi services in Paris were Citroën (Citroën history, 2013). During the Great Depression in 1936, Citroën SA fell into financial difficulties and was sold to Michelin. During 60 years Citroën cooperated with several other manufacturers. In 1974 Peugeot SA acquired 38.2% shares of Citroën. To avoid further potential bankruptcy of Citroën, in 1975 the French Government financed the sale of Citroën group which also included the Peugeot brand. A year later the company Peugeot increased its share in the bankrupt company Citroën to 89.95%. This created a PSA Group (where PSA is abbreviation of Peugeot Société Anonyme) (PSA Peugeot Citroën SA, 2013). Given that Citroën had at that time two successful design products on the market (models GS and CX) and Peugeot was more cautious in further investments, PSA Group's financial success came in the period from 1976 to 1979 (PSA Peugeot Citroën SA, 2013). In 1978, PSA purchased the failing company Chrysler Europe for a nominal value of one U.S. dollar but since the company contained also outstanding debt this contributed to the great loss of the Group in1980 - 1985. Other investment reasons of PSA were aimed to create a new brand for the French and British models, based on the platform Talbot - sports cars, last seen in 1950. However, the rebirth of that sports car did not have expected success and caused serious financial problems for the entire PSA group. Therefore, in 1986, PSA left out the production of the Talbot brand for passenger cars (The group history, 2013).

In 2011, BMW and PSA created joint-venture for the production of new hybrid technologies. On 29th February 2012 PSA formally announced a creation of a major alliance with GM. GM received 7% of the shares and became the PSA's second largest individual shareholder after the Peugeot family which has a share of 24.5% (Sustainable, 2012). The Alliance set a goal of achieving high annual cost savings by sharing common platforms purchases and other economies of scale. In July 2012, PSA spokesman said that the company had to cut jobs by 10% while negotiating an agreement with creditor banks on refinancing of 11.5 billion Euros. Due to poor financial situation of the group, in 2012 was PSA given the government fund guarantee for 7 billion Euros (France gives 2012).

PSA survived a very turbulent year 2012. It sold 2,965,000 vehicles worldwide where the majority of sales come from Europe and only 38% outside Europe while maintaining deep roots in France, with 91,000 employees and in the rest of Europe with 65,000 employees (PSA Peugeot Citroen, 2013). During this period, PSA focused on three priority regions of growth: China, Latin America and Russia as enshrined also in its 10-year vision (Sustainable, 2012). These regions were the main drivers of its global growth and also showed the greatest mobility needs. In 2012, PSA reduced the book value of its manufacturing facilities and other assets by

 ISSN 1927-033X

28%. To the net loss in 2012 was added depreciation in the amount of 4.13 billion Euros. These facts confirmed the deteriorating outlook of the European car market. Impairment was caused by new accounting rules introduced in France as well as vanishing hope to revive the market in Europe. In the second half of 2012 the management of the PSA realized that the crisis would take longer than expected. Depreciation, which reduced the company´s result by 243 million Euros in the second half of 2012, was completely reversible if market conditions improved, declared the representative of the PSA adding the fact that it was purely a financial arrangement and it had nothing to do with the business of the company. Nevertheless, high depreciation contributed to the problematic image of French Car Company. Peugeot was strongly affected by a decrease in domestic car sales and the loss of up to 200 million Euros per month forced them to release 8 thousand workers and to close one of the factories. PSA outlined a target of management to be without loss in 2014. In 2012, its sales decreased by 16.5% to 2.97 million vehicles, which resulted in the stage of having to request an external financial source - the European Commission (EC). The EC responded positively to the request and approved state aid for PSA of 1.2 billion Euros in guarantees. Due to this fact the car company can issue bonds guaranteed by the state (Peugeot is, 2013).

In 2009, PSA introduced its 10-year-vision of their globalization strategy which should pass the company through difficulties and towards leading positions in the car market while keeping adequate financial security (Sustainable, 2012).

CI of PSA Company is built as a brand, opposed to CI in the VW. Since their union in 1976, the group operates under both names also present in the name of the group which is Peugeot and Citroën. Both companies maintain separate sales and marketing structures and share only the same technology, development and installation property.

PSA began operating in Slovakia in 2003 (About PSA Slovakia, 2013). The production plant was built as a greenfield investment. Regarding changes in CI construction, CI in PSA Slovakia is governed by headquarters in France but the messages communicated to the public declare its products, such as made in Slovakia. PSA in Slovakia is trying to convince consumers to buy home - Slovak product. The truth is that about 20% of all supplied components for cars manufactured in the PSA Company is produced also in Slovakia but other parts are imported from France, Spain and Central Europe (Ryník, 2007).

4.1.3 Kia Motors Corporation

Kia Motors Corporation (KMC), founded in 1944, is Korea's oldest manufacturer of motor vehicles. Nowadays Kia is a part of the fourth largest automotive group in the world, exporting over 5 million vehicles to more than 155 countries around the world (History of Kia, 2011). According to KMC, the name "Kia" derives from the Sino-Korean words “ki” - come and “a” - stands for Asia which can be translated as "made or derived from Asia" or "rising out of Asia". Kia Company was founded as a manufacturer of steel pipes and handmade bicycle parts (Applewood. 2012). In 1951 KIA began to build complete wheels for cars. In 1952, KMC began producing motorcycles (starting in 1957) and trucks (1962). The company opened its first integrated automotive assembly plant in 1973 and launched passenger car model Brisa in 1981, which, however, ended its production since the government was overtaken by a military dictator Chun Doo-Hwan who held a forced consolidation of the industry. KMC had to give up the production of cars and concentrated solely on the production of light commercial vehicles. In 1986, manufacturing of cars again returned to KMC in cooperation with Ford. KMC produced several car models that were based on Mazda vehicles, both for the domestic market in South Korea as well as for export to other countries. In 1992, Kia Motors America (KMA) was founded in the USA. First Kia brand vehicles were sold in the U.S. only through four

 ISSN 1927-033X

dealers. Since then Kia expanded methodically, step by step, from one region to another. During the Asian financial crisis in 1997 (Motoruniverse, 2013), KMC declared bankruptcy. In 1998, Hyundai Motor Company acquired 51% of KMC by defeating the purchase offer of the Ford Company which since 1986 still owned some shares in KMC. After their subsequent sale, Hyundai Motor Company owns less than 50% shares in KMC (History of Kia, 2011). Since 2005 KMC has focused its production on the European market, trying to develop an important site of rendering design cars. Corporate design in KMC plays a very important role (Kia Corporate Identity, 2013). For this reason, in 2006 KMC hired a former chief designer of brands like Audi (designing the Audi TT) and Volkswagen, and won the Award of the Federal Republic of Germany in design (Kia 2011 Annual report, 2012). Strategy of KMC has brought strong identifiers in the overall concept of corporate design. Building a CI in KMC focused significantly on the visual representation of the new model and the new face of the company which should have had strong and distinctive features. Preference was given to visibility and importance of the first moment when everyone can identify model Kia at the first sight.

One of the key factors of corporate strategy of KMC is a consistent global growth and positioning strategy which sets precisely the type of sales and communication according to the customers need in various regions of the world. Sales growth was driven by aggressive marketing through strategic adaptation of products that reflected the needs of customers in every market including Europe, Russia, China and Brazil. KMC started allocating their car models in 2006, with the introduction of Ceed and Sorento. Sorento was created specifically for the European market, K2 model for the Chinese market and Sorento and Optima models for the U.S. market. Within the localization strategy, KMC identified three main world markets: Europe, China and the United States (Kia Sustainable, 2013).

In 2012, a strategy Kia Vision 2016 was launched to meet the medium- and long-term business objectives of the company by building a distinct identity and realization of innovation value. (Kia moves 2012).

CI of KMC (Hyundai's cousins in holding), is formed as a monolith. All manufacturer plants are placed on the international market under one brand - Kia with the highest possible level of adaptation to customer specific requirements of individual markets. KMC, as one of the studied companies, does not come from Europe what is reflected in its policies and overall building of CI. Vision is established for a shorter period than in European car companies. The accent is placed on customer satisfaction which plays a major role in all KMC manifestations, communications, while its other objectives such as financial success are in the subsequent priorities.

KMC built its first and the only production plant in Europe in Slovakia in 2006 (Kia Message, 2013). Investments were made through greenfield investments. Strategy, vision and values were received from the parent plant. KMC managed, despite or because of the great cultural diversity between Asian and European culture, to adapt the most important "European" elements into their CI. The most visible way consumers perceive adaptation of Kia to Slovakia is that the logo Kia always acts in conjunction with the name of the country SlovaKIA.

CI of chosen car manufacturers is influenced by a different historical development, as described above. The oldest manufacturing plant of studied companies that introduced personal cars is PSA which produced an automobile in 1890 under the Peugeot brand and under the Citroën brand in 1919. These two brands have built their CIs since the establishment up to the present independently, even after the merger of the two companies where the majority is owned by Peugeot. Both companies were established by personalities with automotive engineering qualities. In their infancy, they were not specialized in cars but in the case of Peugeot in bicycles

 ISSN 1927-033X

and of Citroën in ammunition. VW introduced the first passenger car in 1938. The history of this brand is not linked to any major personality of a founder. KMC is the youngest car company compared to others, since its first passenger car was produced in 1974.

VW and KMC passed various turbulences of development and changes mainly affected by the government interventions. They were forced at some point to produce commercial vehicles which stopped evolution of passenger cars. PSA was not under force like VW and KMC. However, PSA got into financial difficulties several times. PSA was driven to avert imminent bankruptcy to apply for EC assistance in 2012.

Historical facts, changes in time and space conditioning modifications of socio-economic conditions in a significant measure marked and shaped the strategy of building CI in studied car companies. Each of the companies chose a different strategy of building CI. VW Company built its success on a multi-brand strategy with its growth in expanding to foreign markets by brownfield investments - acquisition of existing and highly acclaimed car firms and their overseas expansion began in Latin America, continued in U.S. and now moves to the BRICs. PSA chose a different strategy of building CI. It produces two major brands of cars with upgraded product portfolio but does not add other brands. PSA acquisition of strong brands in UK market failed. Even after 36 years since its connections, both brands in PSA have operated as separate brands. Investment in new plants company was done through a greenfield investment, as was the case in the plant in Bratislava. Markets that are a priority for PSA are: the markets of Southern Europe, the markets of Latin America and of course, the BRICs. In 2012, PSA asked EC for financial assistance, which helped to overcome a bad situation. PSA is, in addition to automobile production, also active in the sector of financial services (Banque PSA) and logistic services. These activities of the PSA group, other than car production activities, significantly improve annual operating results (Sustainable, 2012). KMC again applies its own strategy of building CI which is different from previously mentioned companies. Its localization strategy expands in cascade. This means that KMC enters the countries and regions always gradually creating its own sales channels through dealers and later through factories. Priority markets are home markets - Korea and China, followed by the U.S. market where its initial overseas activities were aimed. In Europe KMC built its first factory in Slovakia in 2006. As the Chinese and Korean markets are markets that recorded growth also in the crisis period, the revenues from these markets represent a major proportion of total sales and production of KMC.

Table 1: Basic benchmark determinants of companies' success in the production of passenger cars in 2011

	Number of production plants	Number of countries with selected plants	Number of employees	Total revenue for car production (mil. €)
VW	100	27	501 956	159 337
PSA	32	6	211 100	42 710
KMC	4	3	45 312	30 262

Source: own processing according to VW Annual Report 2011, Sustainable, 2012; Kia Annual report 2011..

Economic results of automotive business, as we have already mentioned, were significantly influenced by the current financial and economic crisis that hits in a considerable degree also the consumer behavior - consumer preferences when purchasing products such as cars. Besides the current crisis, the consumer behavior is influenced by other socio-demographic factors of population evolution which are also important in process of creating new products. In consumer behavior of buying cars basic trends can be identified and which analysis may contribute significantly to successful operations of companies in the international automotive markets.

4.2 The Impact of the Financial-Economic Crisis on the Consumer Purchase Behavior in the Field of Passenger Vehicles in the EU (in Slovak republic)

One of the most important socio-demographic changes, affecting the consumer behavior in Europe, is the overall aging of population. The whole Europe is aging. Dušan Dvořák, the spokesman of KMC Slovakia, explained that the production is currently focused on the needs of the older customers. As he noted, the company (from the marketing point of view) communicates products for older customers without any attribute. Otherwise the buyers could be discouraged. From a psychological point of view, the older consumer would buy a product designed for the young one, but not contrariwise (Buchláková, 2013). The same models of Kia passenger cars targeted different types of customers in different markets. For example, in 2008, KMC introduced a new model- Soul, designed to target young people. In the USA, the model was very successful among the students. Paradoxically, throughout Europe, Kia Soul was more bought mainly by retirees – due to the larger place and easier boarding into vehicle (Buchláková, 2013).

BMW also started gradual adaptation of their personal cars models to the needs of the older age group of customers. "*We are providing technologies which allow greatly comfortable use of the vehicle itself with benefits for the silver generation. An example is soft close, which is an automatic door closing technology, so no force is needed, passenger just have to nip them gently. But we could mention also the choice of selection of the comfortable car seats which are adaptable to the figure of passenger,*" said Milan Stupka, the marketing manager of BMW Group Slovakia (Buchláková, 2013).

In western countries, the adaptation to older customers has been taking place for several years, but Slovakia still lags behind. Since Slovakia is a small, open, export-oriented economy, late adaptation or inadaptability to the new groups of customers could have a fatal aftermath.

The Volkswagen Company is trying to respond to the trend of postponement of marriage and to the increasing trend of single living with its offer of passenger vehicles. Volkswagen is responding to these trends with the New Small Family concept. This concept includes three models of mini cars which are based on the design of Volkswagen Up!. Interest in these models caused changes in production process in 2012, particularly the transition from two-shift to three-shift operation in the Volkswagen factory in Bratislava (Janos, 2012). Kia Company offers its model Picanto which is designed for clients who want to "minimalize" and plan to replace their car by a smaller one. Given the environmental protection trend, the emissions of this model are just 95 g of CO_2/km (Janos, 2011a). The offer of mini-cars and also the demand of customers for a small car with low fuel consumption is reinforced by the impact of current financial-economic crisis, when consumers are considering all of their expenses. Efficiency of a vehicle is essential especially for European and Japan customer.

The ecological part of consumption shows itself under the influence of increasingly stringent legislative standards of environmental protection, but also due to financial-economic crisis, when customers are looking for cars with lower fuel consumption and lower emissions of CO_2Various types of environmental bonus schemes that have been applied in automotive markets like Germany, Italy, France and Spain (and in varied form in Slovakia, as well) also contributed to the increasing demand for environment-friendly cars (Janos, 2010). According to the consumer research called Barometer (provided by the Cetelem company) in 2009, 30% of European consumers bought the less polluting cars (10% repeatedly). During this period, the demand was oriented toward small cars which appeared to be “greener” for customers (Cetelem, 2010). In 2009, PSA Peugeot Citroën Slovakia produced as many as 60% of their vehicles with emission parameters between 119-126 g CO_2/km and confirmed its focus on high-ecologic technologies. In addition, in 2009 the company won the National business prize for the environment in Slovakia and confirmed the certificate of environmental management ISO 14001: 2004 (Janos, 2010). In 2012, the Peugeot Company introduced their model 208 Re Generation, which reacts to the number of current consumer trends – the car is small, has low fuel consumption, its emissions do not exceed the value of 99 g CO_2/km and 25% of the polymer mass, the model is made of and is produced from “green material” (recyclable materials or materials of natural origin) (Janos, 2011b).

Automotive companies are also trying to communicate their ecological sentiment by producing hybrid vehicles (e.g. the model of Kia – Kia Optima Hybrid). The Volkswagen Company won the 2011 Environmental technology Award for the usage of the most modern and environmentally friendly technologies in car body shell paintwork. PSA Peugeot Citroën is also trying to reduce the waste in the production of automobiles, to introduce the returnable packaging for parts and components and a waste sorting. The evaluation of the German Institute ÖKO-Trend for 2010 ranked VW Polo BlueMotion first in the category of small most ecologic vehicles and Peugeot 207 HDI ranked the third (Janos, 2009).

Consumers are interested in an outward social behavior of companies. Kia Motors Slovakia has developed the activities in a field of corporate responsibility. In March 2012, the company in cooperation with the Pontis Foundation has announced the fourth annual Employee Grant Programme to support the projects of non-profit organizations that focus on environmental protection, cultural heritage, support of disadvantaged groups and support of mobility. One of the requirements for an allocation of financial contribution for the project is a recommendation of KMC employee (Kia Employee Grant Program, 2012).

In future, we can expect more interest in the consumer awareness, an increasing consumer demand for transparent information and the growing trend of ecologic thinking.

In a relation to the signs of the financial-economic crisis, the popularity of purchasing used personal motor cars is growing. In the Barometer survey conducted in 2009 by Cetelem, 64% of European consumers admit that they have bought a used car at some point. 30% of European consumers have done so repeatedly. Buying “second-hand” goods is becoming increasingly widespread type of consumer behavior. For example, in 2008 in France, 2.6 used cars were purchased per one new, in Portugal it was 2.8 and in the United Kingdom it was 3.4 used cars sold per one new. In 2009, 71% of participants in Barometer of Cetelem declared that they wanted to sell their car to another consumer (Cetelem, 2010) in the future.

In time of ongoing financial-economic crisis, the trend called “the renaissance of traditions” is emerging. The consumer is trying to avoid the life reality and eager to return to previous times where he or she felt safe. The trend is reflected in the popularity of products known from a childhood. Even in the automotive industry, the signs of this trend could be recognized. The number of re-designs of personal motor cars has grown in recent years in the world car shows. Especially popular were the styles from the 50s of 20th century – for example, the iconic VW Beetle car which ensured Volkswagen the sales of 5 million units in the years 1949 – 1981. Since 1997 VW has begun to sell a model with old Beetle design. In connection to the trend of “the renaissance of traditions”, consumers started to look for the origin and history of the products which is also reflected in companies´ marketing strategies. Hubert Waltl, the Chairman of the Volkswagen Supervisory Board, stated about the Beetle model as follows: “Beetle is the strong symbol of our brand. It combines the emotional heritage of the original

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Beetle with the future of Volkswagen" (Janos, 2011c, Dieselcar, 2013). A similar example of successful retro design is the new Mini Cooper model. This model has been sold with particular alternations since 1934. At the website of the model, there is also a chance to buy the clothes and accessories with a retro design and motive of Mini Cooper (collection Mini Rock Star) (Mini Collection, 2013). Producers of luxury cars also started to use experiential marketing to build and maintain the customer loyalty to their brands through interactive museums mapping the creation and history of the company. Volkswagen came up first with this idea and its Autostadt in Wolfsburg has attracted over 10 million visitors (Higham, 2010).

5. Conclusion

The automotive industry is undergoing a period full of challenges and changes. There are many of personal motor cars producers on the market, thereby the competition is sharpening and profits are declining. In current business environment, a strong factor conditioning the changes on international markets is remarkable – financial-economic crisis which affects the sales, production process and marketing of personal motor cars. Crisis affects the consumer behavior to a considerable extent, which is also shaped by general socio-demographic trends operating differently in different parts of the world. Therefore, the success of companies in this continually changing environment of the international markets can be provided only by the flexibility of companies, adaptation to the modified conditions and by optimal strategy for building their CI.

Individual selected automotive companies are building their optimal CI using different methods. Talking about the companies we have reviewed, as the most successful proved those, which are building their international dimensions of CI using the monolithic identity – (as VW) or those, which are applying brand identity – as KMC. PSA is a less successful company which applies building of controlled delegated CI in their corporate strategy. For the reviewed companies (PSA, KMC, VW), it has not been confirmed whether a successful operation of a company on the market depends on the length of acting on it. In contrary, the success of companies which operate on international markets in a short period, but apply an optimal strategy for building their CI, it was confirmed – such as VW and KMC compared to PSA.

Therefore we express an opinion, that realistic insight into the effects of implementation of CI programs is needed – these programs do not fulfil its effects when the performance of the company is insufficient to meet the necessary requirements. Programs to build CI represent long-term investments, and are rarely (in their isolated effects) directly measurable and are often treated only by so-called goodwill of the company.

In our opinion, the vision of a company, its philosophy, mission, goals, strategy, tradition, history and a style of leadership, all together are the expressions of its basic attitudes and create the substance of CI in all spheres and at all levels of government. However, the guidance for its optimal generation and implementation into practice is fully the responsibility of those who create them. In large companies, it is usually the top management.

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