



Corporate Studies

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The Mustang Story

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THE MUSTANG has written a unique chapter in the history of auto making and marketing. With unprecedented success, the original "pony car" captured the enthusiasm of what became known as the Mustang Generation, car buyers of every age who found in it both economy and style. In fact, it broke previous first-year sales records with 418,812 units.

Mustang II, introduced in 1974, represents another chapter in the industry, a car model being reduced in size instead of enlarged. Where the first Mustang virtually created a market for the sporty compact car, the Mustang II was designed to answer the demands of buyers still interested in a fine small car.

To understand the phenomenal effect of the original Mustang on the car market, it is necessary to look at the sociological and economic developments of the early 60's that helped shape its success.

THE STATE OF THE MARKET

First, the products of the World War II baby boom were coming of buying age. Millions of young people would enter the automobile market as customers in the 1960's. In fact, it was expected that shoppers in the 18 to 34 age range would account for more than 50 per cent of the increase in new car sales projected for the coming decade. Beyond that, they would account for the bulk of the buying in the used car market. It appeared inevitable that youth would be a potent factor in the marketplace. And research showed that youth would exercise an important influence in shaping car design. Young buyers, it was clear, had definite ideas about style and performance.

For example, 36 per cent of all persons under 25 liked the "four-on-the-floor" feature—the four-speed floor shift. But among those over 25, only nine per cent wanted to shift gears. Bucket seats were a favorite feature among 35 per cent of the young people, as against 13 per cent in the older group.

The study procedures of market research are by their nature statistical and scientific. But researchers are interested in more than cold figures. Proof that market research is in sympathy with the warmer aspects of buyer

attitudes is the now-famous study made by Ford to determine whether college students considered bucket seats an impediment to romance. A survey of colleges in eight cities across the country indicated that 42 per cent preferred bucket seats for first dates. But among couples "going steady," only 15 per cent preferred bucket seats to the standard bench-type.

Other design preferences expressed by young people included the sound of a high performance engine and the feeling of being close to the road. Youth, in sum, was casting a ballot for a car with a sporty flair.

Another important development affecting the market was the trend toward higher education. Some three-and-a-half million students were enrolled in the country's colleges in 1960, with the total expected to double by 1970. The new young buyer was going to be a better educated buyer. The significance of this development is shown in the correlation between education and car buying. College-educated people buy cars at a markedly higher rate than non-college people. In 1964, for example, 19 per cent of the U.S. population had at least some college, yet this relatively small group purchased 46 per cent of all the new cars sold in the country that year. In addition, consumers as a whole were becoming increasingly sophisticated and discriminating through improved communications, including the pervasive influence of television.

A third phenomenon of the marketplace was the explosion in the number of multiple-car buyers. In 1959, one million U.S. families owned two or more cars. Researchers felt certain that throughout the decade of the 1960's, the number of multiple-car families would increase steadily. Events proved the accuracy of the forecast. In 1964, the number of multiple-car owners topped 13 million. By 1967, two million American families owned, not just two, but three cars.

The increase in multiple-car ownership was a natural result of the growing affluence of the nation. More people were enjoying higher incomes. Market research indicated that the number of people earning higher incomes would continue to increase, and this forecast also was borne out by events.

Research also showed that the influence of women was a substantial factor in the growing number of multiple-car families, since they generally made the most use of the second car. And they were forming decided opinions about what kind of car it should be—small and maneuverable, one that would handle and park easily, a small, specialized vehicle.

These, then, were the forces that were beginning to point a new direction for car design, signs of a demand for a car not currently available. It was obvious that no ordinary car would satisfy this new market. Two criteria must be met. First, the car would have to be novel in design with an exceptionally attractive “personality.” Second, the price would have to be within the reach of the new young buyers whose sophisticated tastes tended to outrun their relatively modest means.

CREATING A CAR

Code Name: Mustang

At about the time these factors began to emerge as significant marketing considerations, a small task force of Ford designers, engineers and product planners set down the concept of a forward-looking experimental sports car with the code name Mustang. Their concept was a pure sports car, a two-seater, designed with no thought to mass-market appeal. Research and sales experience already had shown that a two-passenger vehicle,

even a successful one, would find only a limited market in the United States.

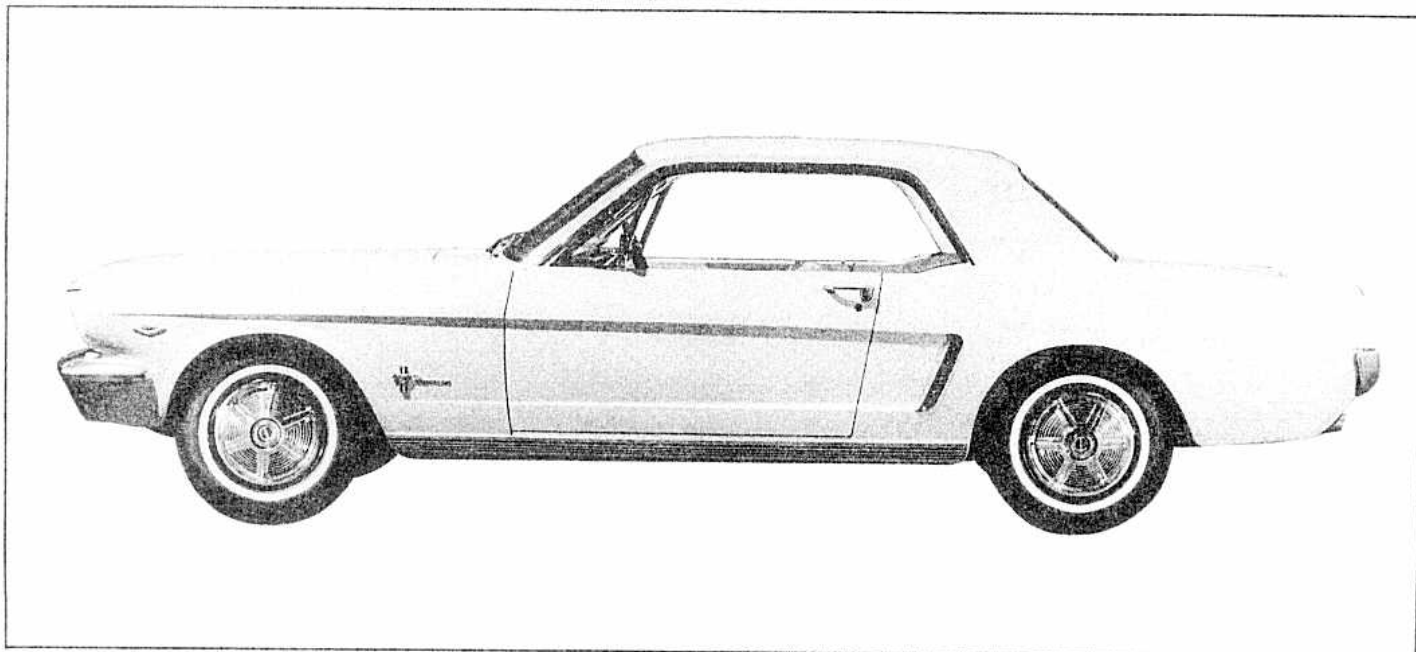
A prototype of the Mustang exhibited at the Watkins Glen Grand Prix in the fall of 1962 created phenomenal excitement. People poured from the stands to surround the car. Subsequent showings at college campuses across the country drew crowds of enthusiastic admirers.

Ford planners now felt certain they could give the designers and engineers a clear direction. The studies that had been undertaken and the response to the first Mustang indicated that the right course was to capture the flair and flavor of the Mustang in a four-seater that could be either a personal or a family car.

Time was a critical factor. The World's Fair which was to open in New York in April, 1964 would provide a dramatic showcase for the premiere showing of the new car. An unofficial deadline was set for that rendezvous. Less than 22 months remained in which to arrive at final engineering decisions and a final design model, to arrange for plant, equipment and supply sources, and to create advertising and promotional plans.

Marketing studies continued. When a manufacturer pioneers a major new product, the substantial risk involved can be minimized only by close and continuous analysis of market trends. Throughout 1962, the factors affecting buying attitudes toward such a car as Mustang

First Mustang Production Model—1964



had been given close evaluation. Design alternatives, optimum size, performance characteristics, probable sales and the sources of those sales, came under intense study. In the summer of 1962, market surveys focused on package sizes to determine which might be the most appealing interior arrangement. As the interior was designed and redesigned, new sales volume estimates were made, and trends in the market were observed carefully to make sure the assumptions on which the Mustang was being created would remain valid.

An unprecedented crash program was undertaken to arrive at an early design solution. Designers of the Corporate Projects Studio, the Ford Studio and the Lincoln-Mercury Studio were given package dimensions and asked to engage in open competition, with an outside limit of two weeks to present clay models of their design ideas. The deadline of two weeks for a clay was revolutionary. The challenge sent a wave of enthusiasm through the studios.

Two weeks later, seven design entries were reviewed. Several of them could have been winners in any other competition. Yet one of the seven stood out distinctly. The glances of Ford Motor Company top management came back again and again to a little white car with red wheels produced by the Ford Studio. The car was distinguished by an air of sporty poise.

Ford marketing experts invited selected groups of potential buyers to view the seven proposals. Careful readings were taken of buyer reactions, in the greatest detail possible, and a thorough analysis was made of the opinions expressed. The extremely favorable response to the Ford Studio entry confirmed the conviction of Ford planners that a car with this flavor and these features could supply what the market lacked.

The decision was made to build the Mustang. It would be a first-class product in all respects—quality, fittings, appearance and performance. A decision made early in the development stages stipulated a wide selection of options and engines, so the Mustang could satisfy a wide variety of tastes. One added feature was to be the new Ford 289 cubic inch engine. This was small and light with an unusually high horsepower-to-weight ratio achieved through thin-walled gray iron casting techniques.

The luxury buyers with the means to satisfy their wishes could transform the car to their liking with a wide selection of extras. At the same time, the young buyer with limited means would be completely satisfied with the standard Mustang, because of its air of discriminating sportiness.

Production commitments were made, aimed at bringing out "Job #1," the first production unit, by March 1, 1964.

The Specifications

Specifications for the new car gradually evolved from the accumulated research data. Weight: not more than 2,500 lbs. Length: not more than 180 inches. Engine: peppy six-cylinder, optional V-8. Seating: four passengers, with bucket seats and other sporty touches. Personality: demure enough for church-going, racy enough for the dragstrip, modish enough for the country club.

Success in developing a new car hinges on predicting three years ahead what consumers will want at a given time, as well as on taking into account what competitive companies will be doing to satisfy that want. Assuming that the researchers were correct in their predictions of a specific market demand, could Ford design and produce a car in time to take advantage of that new demand? If so, would it attract buyers in the face of the new entries that competitive companies might produce? These were not exceptional questions. These are the same questions Detroit must face and answer every model year.

Continuing Analysis of the Market

Throughout 1963 evaluation of market factors continued. The probable impact of the Mustang's features on prospective new car buyers was rechecked. Pricing studies were made in early spring, rechecked in mid-summer. In the fall a special design clinic was held to recheck design decisions.

There was evidence that the Mustang might have a wider market than was at first conceived. The car was developed primarily to satisfy the young adult buyer and the multiple-car market, but it proved to be exciting to other kinds of prospects, too. Many couples with young children at their heels were taking long, slow looks at experimental cars such as the first Mustang which were being displayed at auto shows.

Accordingly, a special probe was made into a new area of prospective buyers. When a prototype of the car was ready, invitations were extended to 52 couples who had pre-teenage children and who owned a single standard-size automobile. These were people for whom the Mustang was not originally planned. They came to the Design Center showroom in small groups to see the car.

Reaction was spontaneously enthusiastic, but the viewers agreed among themselves that the car was impractical for them. A phenomenon occurred, however, when the price of the car was discussed. Asked to estimate the price, most couples overshot the mark by more than a thousand dollars. On hearing the actual price, they underwent a strange transformation of viewpoint. Husbands and wives went back for a second look at the Mustang, and without exception began to find reasons why this car really would be practical for them after all.

This and other studies pinpointed the buying attitudes toward which an effective marketing campaign could be aimed. The elements were ready-made. The public had already placed a stamp of approval on the sporty styling of the Mustang. The car had a "performance" look, a road-hugging stance that assured viewers it would handle well, steer and park easily. Couples with children might on first sight question the practicality of the vehicle for them; but, on discovering the unexpected low price, they would put their wits to work to find reasons why the purchase was feasible. Marketing strategy was worked out accordingly, to take full advantage of these buying attitudes.

In addition, it was decided to stress the Mustang's versatility. The wide range of options available on the car provided a vehicle that could be custom tailored to the luxury, sports or economy-oriented buyer. Thus the base of the car's appeal was broadened.

THE INTRODUCTION

The Mustang was to be introduced to the public on April 17, 1964, some three years after the planning of the car began. The long lead-time required in the automotive industry, from conception of a car to public introduction day, is a measure of how essential it is to determine the needs of the market several years in advance.

The Mustang's special preview for the press, four days before public introduction, was made against the striking setting of the Ford Pavilion at the New York World's Fair. The press showing proved to be a history-making debut, and reaction was uniformly enthusiastic.

Following the showing of the car, 124 reporters were paired off in Mustangs and given a set of road rally instructions that took them 750 miles to Detroit. The original enthusiasm aroused by the showing in the Ford Pavilion was increased by the driving experience on the highways, and subsequently expressed in warm terms in the written reports of the correspondents. *Time* and *Newsweek* carried simultaneous cover stories. *Life*,

Look, *Esquire*, *US News and World Report* and other top-flight publications carried editorial spreads. The press as a whole was unusually generous in praise of the Mustang.

Another history-making "first" took place on the night of April 16. For the first time, a major automotive manufacturer sponsored simultaneous programs on three major television networks. Mustang's image was projected into 29 million homes during prime viewing time.

The next day, Mustang announcement ads ran in more than 2,600 newspapers in approximately 2,200 markets.

The ads were, in effect, special invitations to the buyers for whom the car had been created. In newspapers, in women's pages, in 24 of the top nationally-circulated magazines these invitations were extended to young people, young marrieds, sophisticates, older groups still young at heart and the millions of families with two or more cars. A marketing program was planned for each of these types of buyers.

To generate mass enthusiasm, it was considered vital to expose the car quickly to as many people as possible. Since the entire public could not come to the car, the car was taken to the public. City dwellers saw Mustangs at more than 70 high-traffic metropolitan locations throughout the United States. Air travelers saw Mustangs in 15 major airport terminals from New York to San Francisco. People on the go on the road saw Mustangs racing toward them from billboards in more than 170 important markets. The suggested retail price was prominently featured on the boards, as it was in all introductory Mustang advertising, in order to position the new car immediately within the automotive market.

To gain further swift exposure, various types of promotional tie-ins were executed. One hundred Holiday Inns displayed Mustangs in their lobbies or near their main entrances. Four top TV shows used Mustangs as prizes on their programs. Many other companies used the car as prizes in their promotional campaigns, adding to the pulling power of their promotions, and simultaneously adding to the car's public exposure.

On the day of public introduction, dealer showrooms sparkled with a gala atmosphere stimulated by special Mustang pictures, wall posters and window trim. The theme was simple and forceful: the "unexpected." Potential buyers were pleased by the Mustang's sporty flair and intrigued by its unexpectedly low price.

There was immediate evidence that the marketing concepts behind the Mustang were directly on target. Streams of visitors came to see, and order, the new car.

At various dealerships throughout the nation some startling incidents took place. A San Francisco truck driver, apparently thrown into a trance by the sight of the car, could not take his eyes away, and drove his truck straight through the showroom window. A Chicago dealer had to lock the doors of the Mustangs in his showroom because so many people were trying to crowd into the cars at once they were in danger of injuring themselves. A Pittsburgh dealer with a Mustang up on a wash rack could not get the car down because of the crowd of people pressing below. One of the most emotional of all reactions occurred at a dealership where fifteen competing customers tried to bid on the same Mustang. The successful buyer insisted on sleeping in his new car, ". . . so they won't sell it out from under me before my check clears in the morning."

The favorable reaction on Introduction Day carried over and was strongly sustained. Within four months more than 100,000 Mustangs had been sold, and the car had taken its place among the top five automobiles in sales volume. The market that had been looking for a specialized car had found it.

THE MUSTANG BUYER

From the marketing viewpoint, it now was essential to learn everything possible about the average Mustang buyer. Information on buyers was needed in order to gauge the full potential of the new market that had been created, and to assure that the car was an enduring concept and not a passing fancy.

Statistics traced a significant picture. The average age of Mustang buyers was 31, with more than half of them in the 20 to 34 age bracket. These facts helped confirm the early predictions of market studies on the growing importance of young people as prospective buyers. On the other hand, it was reassuring to note that about 16 per cent of Mustang buyers were between 45 and 54. This was clear indication that the attraction of the car was not limited to the younger set.

As the statistics accumulated, it became apparent that more than 40 per cent of all Mustang buyers were in the \$5,000-to-\$10,000 income bracket, suggesting that the advertising theme of "unexpected price" had been effective. At the other end of the range, it was notable that almost 15 per cent of all buyers had incomes of \$15,000 or more per year. Clearly, something besides the low price drew these customers to the Mustang.

Nearly two-thirds of the early Mustang buyers were married, proving that the main support of the car was not coming from the young bachelors of either sex. Fifty-two per cent of all Mustang owners had some

college education, and another 38 per cent were high school graduates. In other words, the Mustang was drawing its support from the segment of the population with the greatest stability, the most secure purchasing power. The future of Mustang looked bright.

In addition to learning who the Mustang buyers were and what they were like, it was important from the marketing viewpoint to ascertain exactly what they were buying. Part of the original marketing strategy had been to broaden the appeal of the car by providing a wide array of options which would make it possible for the buyer to custom-tailor the car to individual taste. The buyer could begin with the low-cost economy model and add the appropriate options to create a rally-type sports car or a luxury Mustang.

The facts showed that customers were enthusiastic about the options. Eighty-five per cent of all Mustangs sold were equipped with white sidewall tires, 80 per cent with radios, 71 per cent with eight-cylinder engines, 50 per cent with automatic transmissions and 10 per cent with the "Rallye Pack," designed specially for the customer who drove a car more "for the fun of it" than for utility.

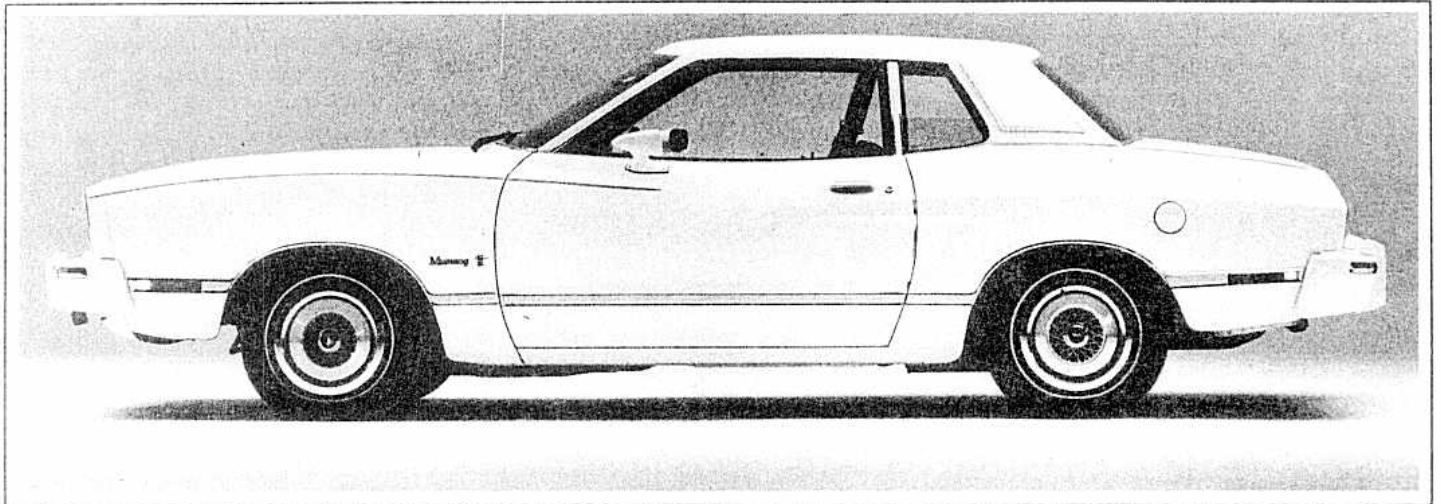
The decision to make a variety of options available was vindicated in the marketplace. The Mustang was indeed appealing to a wide variety of owners. It was obvious that the car had aroused a strong emotional attachment in all types of car buyers, even though its original target was a particular segment of the market.

CHANGES

By March, 1966, the millionth Mustang had been sold. By November of that year, sales had passed the one-and-a-quarter million mark. Mustang was the third best-selling car in the industry at that time.

However, the introduction of a successful car leaves the manufacturer little room for complacency. Even the establishment of a new market carries no guarantee that the pioneer will continue to enjoy a hold on the market he created. Buying attitudes change. The needs and desires of car fanciers change. Competitors are studying these trends, and their designers are constantly at work to produce a model that will attract the eye and the orders of car buyers.

So, in the years after public introduction, Mustang underwent a series of changes in size, appearance and basic appeal, with a wider range of models. The first fastback was offered in September of the introduction year. In 1969, the luxury Grande and the Mach I, highlighting the sporty, performance aspect, were introduced.



Mustang II Production Model—1974

Boss 302 and Boss 351, performance cars, appeared in 1970 and 1971, respectively; the Boss 429 became the “ultimate” car for many drag strip drivers and fans. The Mustang actually inspired an entirely new kind of car competition called “Trans Am,” where the car line rather than the driver is awarded the championship. Mustang won Trans Am competitions in 1966 and 1967.

Between 1965 and 1973, the car gained over 600 pounds and more than a foot in length. And, beginning in 1967, sales of Mustang began to decline.

Also, the letters Ford was receiving from consumers about Mustang had a decisive change of tone—they were still “love letters,” as they had been from the start, but the writers began to express growing disenchantment with the increases in the size of the car.

In May, 1968, Anna Muccioli, a Ford stockholder, got the floor at the Company’s annual stockholder meeting and made a similar complaint:

“I have a ’65 Mustang and I don’t like what’s happening. They’re blowing them up. Why can’t you just leave a sports car small? I mean you keep blowing them up and starting another little one, blow that one up and start another one. I mean why don’t you just leave them?”

Comments such as these, the decline in Mustang’s popularity, and the growing sales of luxury small cars being imported from Europe and Japan were straws in the wind. These factors were noted carefully by Ford management, and in particular, by Lee A. Iacocca, then Executive Vice President of Ford North American Automotive Operations. Credited with being “father”

of the original Mustang, Iacocca was named Company President in 1970.

After careful study and much discussion, the decision was made in 1969 to make an entire new car line out of the Mustang. As Iacocca put it,

“Trying to please one segment of the Mustang market that wanted the car bigger, we were losing the much larger majority of original Mustang lovers who didn’t want it changed . . . the market never left us. The original Mustang buyer is still there, still wanting a good *little* car. We walked away from the market.”

MUSTANG II

What are buyers looking for?

Deciding that the Mustang did indeed need to be changed was considerably easier than determining what kind of new car should be offered. Several factors in the new car market of the late 60’s and early 70’s shaped the design and appeal of what would eventually be called Mustang II:

- the small car segment of the market grew from 23% in 1964 to 40% in the early 70’s.
- sales of subcompacts doubled between 1967 and 1972.
- 1972 marked the first sales decline for *economy* imports, but *luxury* imports were enjoying record-breaking popularity.
- sporty compacts (Mustang and the competitors it drew, Firebird, Charger, Camaro and Javelin, for example) were becoming less popular, while

sporty *subcompacts* were enjoying growing sales; this was true especially with the under-35 age group, a group that was increasing its percentage of the total number of buyers.

—Ford executives saw signs that the car buyer of the 70's was more concerned about quality construction than were buyers of the 50's and 60's.

The new Mustang, then, would have to combine the luxury and high quality look and feel of a big car with the convenience of the new, popular small cars, specifically the subcompact.

To achieve a totally new look for the car, Iacocca turned to the Ghia design studio and carrozzeria in Turin, Italy, a house that has produced car bodies and prototypes for Rolls Royce, Alfa Romeo, Maserati and others, and is now owned by Ford Motor Company. Within a few months, Ghia designers produced two prototypes, a fastback and a notchback (the traditional squared-off roof).

Having two actual cars to examine in such a short time gave the design program a good head start, and the Ghia models were very influential on the final car design. In fact, the top-of-the-line Mustang II for 1974 was called Ghia. The Company's design studios in Dearborn already had been working at design possibilities, and some of their later models were inspired by the Ghia entries.

After several consumer reaction clinics, a fastback design by one of the Ford studios was identified as the most promising. However, favorable response to a notchback model at such a clinic in San Francisco indicated that the notchback did indeed have an "audience," and plans were made to market the car in both body types. Interior design and detailed engineering began.

"Fits and finishes"

As the development of the car progressed, efforts were made to ensure that it would have minimum NVH, automotive shorthand for noise, vibration and harshness. The car's isolated sub-frame, front suspension and engine mounting system that reduced the vibration common to 4-cylinder engines became particular points of pride among Mustang II engineers.

It was decided early that the car should offer the level of sound-deadening common on higher-priced cars, along with rack-and-pinion steering for positive and quick steering action. A power option with rack-and-pinion steering, never before offered on an American-made car, was approved. In addition, Mustang II would

feature the first engine built to metric specifications in the U.S.

A special "fits and finishes" task force was assigned to ensure that the production cars would be built with precision—the watch word for Mustang II became "jewel-like."

PRESENTING A NEW IMAGE

As with the original Mustang, consumer groups who reviewed Mustang II guessed its price as much higher than the basic price the Company actually planned. Potential buyer studies conducted by the Company and its advertising agencies identified the probable Mustang II buyer as a middle-income, suburban American, a young person who would be concerned with quality—handling, workmanship, economy, value for the money—but one also interested in the level of luxury that is traditional in expensive American cars, attractive design and the pleasure of driving a fine car.

Based on the profile of expected buyers, marketing strategy was developed to associate Mustang II with style and quality. It was learned that the demographics of customers at the major shopping malls throughout the country closely paralleled the profile—for its formal introduction, the car was displayed at a number of these enclosed malls, with the display hosts and hostesses wearing the latest in clothing fashion.

The car also was displayed at 13 major U.S. airports, and a Mustang II was awarded as a prize in the U.S. Tennis Open. It was featured in ski magazines and at ski equipment shows, to capitalize on the popularity and image of that sport.

Mustang II's were provided to 100 U.S. colleges and universities that offer marketing studies programs, and prizes were awarded to the student groups preparing the best advertising and marketing recommendations for the car. This exposed Mustang II to large numbers of people in the youth market.

Commercials on top-rated television shows heralded the car's introduction, and advertisements in large circulation magazines and newspapers added to the marketing momentum. Automotive writers were given Mustang II's to test-drive and review in their publications. Prior to introduction, special training films on handling Mustang II sales had been prepared and distributed to dealership salesmen, and advertising kits to promote "Hometown Ford" had been made available to the dealers.

The initial advertising for the car appealed directly to the luxury tastes of the projected buyer—emphasizing

that the car was a completely new and different Mustang, that it was small, and that it offered the most advanced engineering features as well as comfort and convenience touches—all to suit the “target” market established by the Company during the car’s development.

However, sales of the car during its first few weeks at the dealerships were discouragingly low. Quick studies of the situation were launched, and the major cause of the lagging sales was discovered. Assuming that Mustang II’s many luxury optional features and the higher-priced Ghia model would be popular with the target market, the Company had distributed to its dealers too many Ghias and other models heavily equipped with options.

Small cars generally are associated with lower prices; to position the new car properly in the marketplace, more of the basic, lower-priced models would have to be made available at the dealerships. As it was, customers arriving at their dealerships frequently had difficulty finding a base model to examine or test-drive, and the prices of the heavily-equipped models often were beyond their expectations.

Two steps were taken immediately to rectify the situation. Mustang II advertising was modified to emphasize the low base price of the car—under \$3,000—and production plans were revised to supply dealers with more of the base models.

It was learned also that initial advertising for the car did not stress adequately the new size of Mustang, and that was corrected.

With these changes in effect, a gratifying upswing in sales took place. Although Mustang II did not approach the initial success of its predecessor, more than 285,900 Mustangs were sold during the 1974 model year, representing a 135% increase over Mustang sales during the 1973 model year. The model breakout at the end of the first model year showed that 47.2% of the Mustang II’s sold were the base two-door model, 19.5% the Mustang 2-plus-2 hatchback, 10.9% the sporty Mach I, and 22.5% the top-of-the-line Ghia.

Sales results indicated that the 1974 Mustang II had strong appeal among young, well-educated and well-paid consumers. Early buyer surveys showed that 28% of the 1974 Mustang II owners had completed some college, 26% were in the 20-24 age bracket, 31% were in technical or professional fields and 11% earned from \$20,000-\$25,000 per year.

Of the Mustang II buyers, 61% were married, 33% had no children, 58% had vacationed by car in the U.S. or Canada in the 12 months prior to their car purchase, and 63% owned two or more cars after their purchase of a Mustang II.

The median age of the 1974 Mustang II buyer was 28, median income \$16,053, and average number of years of education was 14.

One factor affecting the sales of Mustang II was unforeseen by the Company, indeed, by the country—the oil embargo by producing nations of the Middle East and subsequent fuel shortages suffered in the U.S. For the initial target market of Mustang II, fuel economy was not a prime concern. However, as the fuel situation worsened, consumer studies showed that Mustang II was perceived by the public as a particularly good “buy” in terms of gas mileage.

The Company did advertise fuel economy test run results for its small cars, including Mustang II, during the “I Didn’t Know That” television campaign, but advertising for the Mustang II alone did not capitalize on the fuel shortage as a selling point. Yet, the oil embargo did help to boost Mustang II sales through the model year.

The development of Mustang II represented a reversal of the traditional price-size relationship—that is, bigger cars being more luxurious and expensive. It stepped away from the tradition of small cars being spartan in comfort and style, and with its wide option availability, offered the consumer individualized luxury in a convenient size. At the beginning of the 1975 model year, competitive vehicles already were appearing on the new car scene.

MUSTANG: A STUDY IN BUSINESS

Essentially, the story of the Mustang is the story of business investments carrying elements of substantial risk—the first car creating a specific market out of the general interests of consumers, the second responding to fairly well-defined buyer demands. While each car has its unique points, both represent the strenuous efforts of a business enterprise to satisfy the wants of the buying public. In the automotive industry, the customary three-year developmental period for a new model car makes it imperative that the demands of the eventual customer be anticipated and identified accurately and well in advance.

In the end, the customers must be convinced or they cannot be sold. When they are satisfied with a product, it is because the total effort in design, engineering, production and promotion remained on target all the way. In the last analysis, the customer is the judge.

The Mustang met this test with outstanding success—the popularity of Mustang II indicates that the Company made a second good decision, this time in changing the car.