

## Фойдаланилган адабиётлар

1. Ўзбекистон Республикаси Президентининг 2022 йил 28 январдаги “2026-2022 йилларга мулжалланган Янги Ўзбекистон Республикасини Тараққиёт стратегияси тўғрисида” ПФ-60-сон фармони.
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3. Ўзбекистон Республикаси Президентининг 2019 йил 11 июлдаги “Олий ва ўрта махсус таълим тизимида бошқарувнинг янги тамойилларини жорий этиш чора-тадбирлари тўғрисида”ги ПҚ-4391-сон қарор. <https://lex.uz/uz>
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## BENCHMARKING THE SECRET OF SUCCESS OF AUTOMOBILE COMPANIES

### БЕНЧМАРКИНГ АВТОМОБИЛСОЗЛИК КОМПАНИЯЛАРИНИНГ МУВАФФАҚИЯТ СИРИМИ

### БЕНЧМАРКИНГ – КАК СЕКРЕТ УСПЕХА АВТОМОБИЛНЫХ КОМПАНИЙ

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**Аннотация:** Ушбу мақолада стратегик ва инқирозга қарши бошқарувнинг самарали усули сифатида – бенчмаркинг инструменти тадқиқ этилди. Мақолада бенчмаркинг компаниянинг энг яхши тажрибасини аниқлаш ва жорий этиш учун янада муваффақиятли компанияларнинг (бир соҳада ҳам, глобал миқёсда ҳам) самарадорлик кўрсаткичлари ва технологияларини қиёсий таҳлил қилиш механизми сифатида ўрганилди. Бенчмаркинг тушунчасини ўзбек автомобилсозлик саноатида қўлланилиши зарурияти ва аҳамияти ўрганилиб, бенчмаркинг тушунчаси ва унинг автомобилсозликда қўлланилган кейс-тадқиқотлар натижалари таҳлил қилинди, бенчмаркинг методикаси асосида рақобат модели ишлаб чиқилди ва шу асосда UzAuto Motors АЖ корхонасининг жорий молиявий кўрсаткичлари тадқиқ қилинди, дунё автомобилсозлик соҳасидаги энг илғор 3 та компания танлаб олинди ва ўрганиб чиқилди. Қиёсий таҳлил асосида UzAuto Motors танлаб олинган рақобатчи корхоналар билан бенчмаркинг инструментидан самарали фойдаланиш асосида солиштирилди ва уни монополиядан чиқариш ва рақобатбардошлигини ошириш бўйича таклиф ва хулосалар ишлаб чиқилди.

**Калит сўзлар:** автомобилсозлик, ахборот тизими, бенчмаркинг, бозор, инвентаризация, маркетинг, молиявий кўрсаткичлар, монополия, қиёсий таҳлил, рақобат, стратегия, таққослаш, харажат.

**Abstract:** The article explores the benchmarking tool as an effective method of strategic and anti-crisis management, which is a mechanism for comparative analysis of performance indicators and technologies of more successful companies (both in one area and globally) to identify and implement best practices. This article also examines the need and importance of applying the concept of benchmarking in the Uzbek automotive industry. The concept of benchmarking and the results of case studies applied in the automotive industry were analyzed, a competition model was developed based on the benchmarking methodology, and on this basis the current financial performance of UzAuto Motors was studied, 3 most advanced companies in the industry were selected and examined. Based on the comparative analysis, UzAuto Motors compared the selected competing companies on the basis of the effective use of the benchmarking instrument, and developed proposals and conclusions on its de-monopolization and competitiveness.

**Keywords:** automotive, information system, benchmarking, market, inventory, marketing, financial performance, monopoly, comparative analysis, competition, strategy, comparison, cost.

**Аннотация:** В данной статье оцениваются перспективы внедрения алгоритмов искусственного интеллекта в различные сферы бизнеса, систематизируется мировой опыт и практика использования различных моделей и сервисов искусственного интеллекта, выявляются положительные и отрицательные последствия использования нейронных сетей в различных бизнес-процессах. Также была приведена эффективность применения машинных алгоритмов на конкретных примерах и технологических циклах.

**Ключевые слова:** искусственный интеллект, алгоритм, нейронные сети, ИТ-технологии, инновации, бизнес, эффективность.

## Introduction

Established in the early times of Independence of Uzbekistan, "Uzavtosanoat" Joint Stock Company has become a symbol of the creative potential of our economy. Currently, Uzbekistan is the only country in Central Asia that produces all types of cars, buses, trucks, and special equipment. Today, more than 85 enterprises and organizations united in the framework of Uzavtosanoat and directly employing more than 26,000 people operate in the industr.

A number of experts acknowledge that the prices of cars produced in Uzbekistan are higher than their competitors, which are equal in quality to each other. Although the demand in the car market is high, manufacturers continue to take advantage of the benefits provided by the State. According to the list of the State Customs Committee (available in Gazeta.uz), UzAuto Motors, Jizzakh Automobile Plant, ADM Jizzakh, Roodell, and other automakers exempted from paying VAT and excise taxes in the total amount of 2.57 trillion soums (240.9 mln dollars) in the first half of 2021.

In our opinion, the company, which has been enjoying various benefits and privileges for such a long time, has already formed a dependent mood and has become a full-fledged monopoly company with sole dominance in the market.

The Development Strategy of the Republic of Uzbekistan for 2022-2026 identifies one of the main tasks as the transformation of the economy into a free, competitive and monopolistic inclusive economy. With this in mind, one of the urgent tasks today is to transform Uzavtosanoat into a competitive and free economy.

Modern marketing offers an ever-expanding range of tools. One of them is benchmarking, which is derived from the English words "bench" (height, degree) and "mark" (mark). Basically, the term "benchmarking" has become a symbol of the process of assimilating someone else's experience that has long been used in marketing. Marketing experts have summarized the theoretical foundations of this process and highlighted it as a separate scientific field.

In practice, benchmarking consists in finding the best ways of organizing business processes, standards and benchmarks, which, when implemented in the studied company, allow to conduct business more effectively and better. Unlike industrial espionage, benchmarking is a legitimate way to learn about someone else's experience and is based on open source data.

The relevance of the research work is that the activity of UzAuto Motors joint-stock

company has not been analyzed on the basis of the benchmarking method until now. During the study of researches in the field of automotive industry, it became known that a number of foreign enterprises were scrutinized through the "Benchmarking" method and achieved economic efficiency. "An important element of benchmarking research is the diagnosis of weaknesses to identify potentially effective improvement measures. Many studies that identify performance differences also offer explanations for these differences"[1]. Benchmarking has been unanimously adopted by Indian automobile companies as a means of improving efficiency and productivity [2].

Taking into account the above, there is a need to analyze the Uzbek automotive industry using benchmarking on the example of JSC "UzAuto Motors". The purpose of this article is to develop proposals and conclusions aimed at de-monopolizing and increasing the competitiveness of Uzavtosanoat through the effective use of benchmarking, which is an important tool for increasing competitiveness in the world economy. To achieve this goal, the study will analyze the theoretical and practical application of benchmarking, conduct research on the production process, strategy and efficiency of advanced foreign automotive companies, radically improve the performance of UzAuto Motors, and develop scientific proposals for de-monopolization yet development of competition.

### Literature review

The founders of benchmarking as a special direction of marketing research weren't clearly known, as its practical use started earlier than its term. Most literature in this field testifies that the early practice of benchmarking was done by the Japanese people, who introduced the use of identifying their strengths and weaknesses by researching the products produced in American, and European countries, then producing similar products at a lower price on their own, that is, a way to legally copy the achievements of other enterprises. At the same time, Japanese manufacturers not only successfully introduced new technologies in one area but also transferred know-how from one area of production and service to another. Western companies began to use benchmarking in the late 1970s to respond to the increasing competitiveness of Japanese companies. The term "benchmarking" was first proposed in 1972

by staff at the Cambridge Institute for Strategic Planning (USA).

Benchmarking has come a long way from simple innovative adaptations to the current systematic approach of implementation with defined goals and standard procedures. Several scholars have studied the theory of "benchmarking" and researched its practical application. For example, Bogan and English (1994) provide many historical examples of innovative adaptations [3]. In 1950, Toyota was a small car manufacturer catering to the needs of the Japanese domestic car market. By adopting and improving the production and inventory system from the US, Toyota managed to capture 23% of the US car market in 1983 and has become the world's leading car manufacturing corporation today. According to data from The Wall Street Journal on January 4, 2022, Toyota Corporation became the best-selling automobile company in the United States for the first time, surpassing General Motors at 5.17 percent, with annual sales of 4.93 percent [4].

Benchmarking was developed in the business world in the late 1970s and early 1980s as a formal and systematic process to improve performance. Camp [5] notes that in early 1979, Xerox manufacturing operations adopted a new process, namely competitive comparison, to examine its unit production costs and compare it with the capabilities, features, and mechanical parts of competing copiers. Since then, the successful application of benchmarking has gradually spread to other operations. It was at Xerox that the word "benchmarking" came into being.

Camp [6] defines benchmarking as the search for industry best practices that lead to high efficiency. Similarly, Watson [7] describes the comparison as a constant search and application of significantly better practices that lead to competitive efficiency. Bogan and English [3] point out that the definition of benchmarking was developed in the 1980s in areas of coverage and targeting. They described the comparison as a constant search for best practices that result in high efficiency in the application and implementation.

According to Moriarty and Smallman [8], "Benchmarking is a model-controlled teleological process that operates within an organization in order to intentionally improve the current situation".

Based on the above definitions, it can be said

that while there are different definitions of comparison in different contexts in terms of scope, comparison of quantitative and qualitative aspects and scope of promotion, the essence of the in-depth study is the same. Anderson and McAdam [9] also point out that there is a similar general idea behind many definitions of benchmarking. A number of other scholars [2] conclude that “benchmarking is about identifying opportunities for improvement, looking for best practices (both within and outside the industry) and ultimately applying these best practices in a systematic, orderly and standardized way to the company’s specific processes, diversity of priorities and adaptation and implementation”. M.M. Toshpulatov and Q. A. Sharipov also conducted research on benchmarking and gave the following definition: “The term “benchmarking” has many meanings, but mainly it refers to the process of teaching, information exchange and adaptation to advanced experience to make gradual changes in the work” [10].

Our conclusion is that benchmarking is a process of continuous improvement and optimization as a result of constant competition with the most advanced.

Corbett [11] points out that benchmarking can be classified according to the method of its implementation and the field in which it is used. Bogan and English [3] classified benchmarking as a process, efficiency, and strategic benchmarking, depending on what is being compared. The authors defined three types of benchmarking as follows:

1) **Process Benchmarking.** This is related to individual work processes and operating systems. Processes or operations are improved by comparing the processes or operations of benchmarking partners.

2) **Performance Benchmarking.** It is a comparison of performance indicators to determine how well a company is doing compared to others. This ensures the competitive position of the organization by comparing the attributes of products and services.

3) **Strategic Benchmarking.** This is a study conducted when trying to change the strategic direction of a company [12]. Thus, strategic comparison involves the evaluation of strategic issues rather than operational issues.

M.M. Toshpulatov and Q. A. Sharipov listed 7 standard methods of benchmarking (Figure 1).

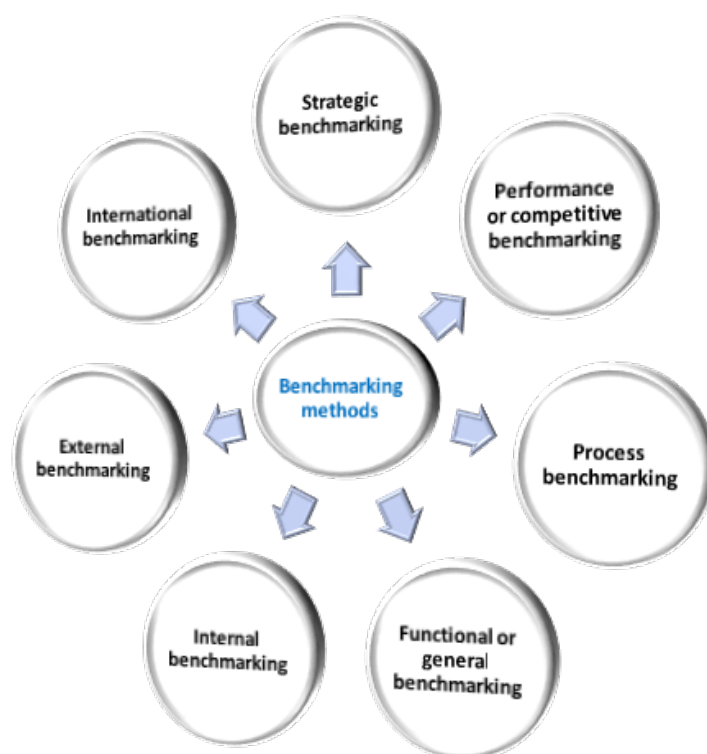


Figure 1. Standard methods of benchmarking

In general, in our opinion, the 3 main types of benchmarking described by different authors are:

- *strategic benchmarking*;
- *process benchmarking*;
- *activity or competitive benchmarking*;

The remaining types are divided according to the scale of comparison of one or all of these types. As evidence of our opinion, We will try to represent M.M. Toshpolatov and Q. A. Sharipov's classifications with 3 main types and the rest. In particular, internal benchmarking – includes comparisons between structural departments of the same enterprise, using process, strategic and/or operational benchmarking. In external benchmarking, another company is taken as a competitor, and international benchmarking is used when companies from other countries are selected as competitors.

1. **Internal benchmarking** – compares ac-

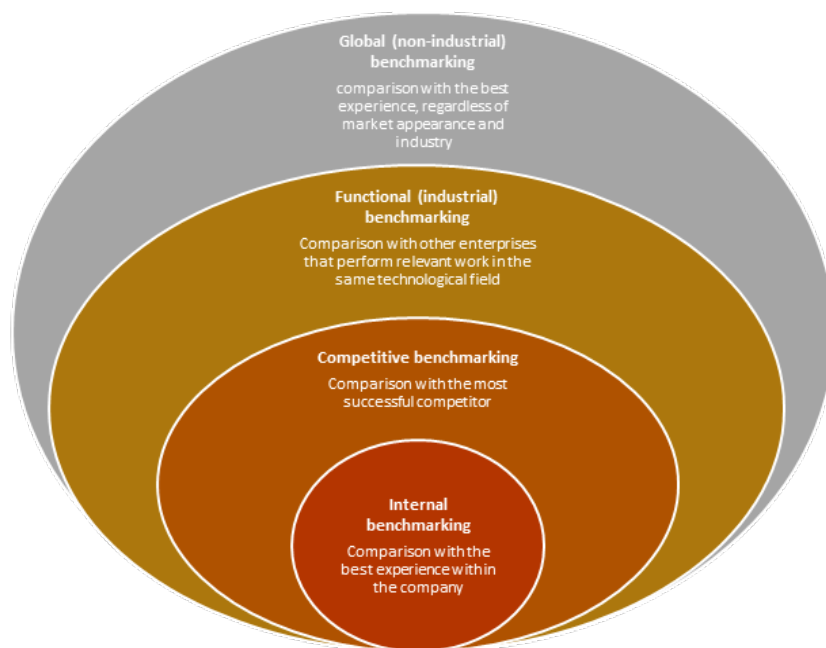
*tivities and processes within an enterprise.*

2. **Competitive benchmarking** is the comparison of competing enterprises operating in the same field.

3. **Functional benchmarking** – this compares businesses whose functions are similar but whose areas of activity are different.

4. **Global benchmarking** – this compares companies with different types of activities and functions, and allows the best practices to be applied in other areas.

Interestingly, despite the different names and classifications, all types of benchmarking are aimed at examining processes in terms of efficiency. This is because in order to achieve high results, it is necessary to have a deep understanding of the transformation of advanced enterprises that takes place through processes, strategies and activities [13].

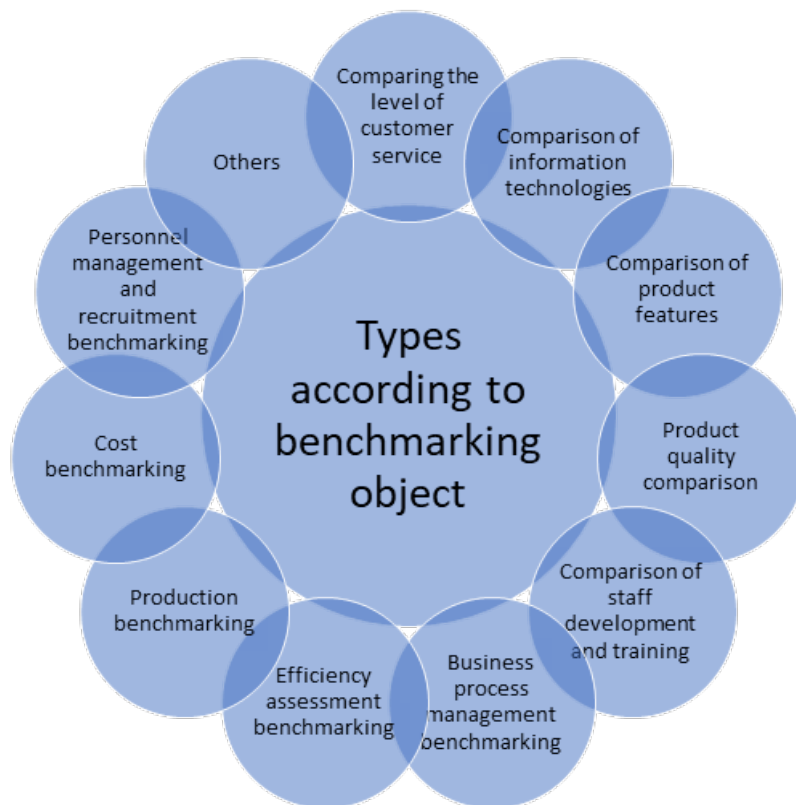


**Figure 2. Aspects of benchmarking**

The objects being compared using the benchmarking tool can be different (Figure 3). By combining one or more of them, we determine benchmarking parameters and indicators on this basis.

We have been able to find several empirical studies on the implementation of the concept of benchmarking in developing countries. A survey of 89 industries in Singapore found that the main advantages achieved as a result of benchmarking were increased customer satisfaction, delivery response time and operational reliability[14]. A

similar study involving 215 organizations in Egypt shows that maintaining and enhancing competitive advantage, increasing profitability, and achieving continuous improvement are the main advantages of benchmarking[15]. However, the successful implementation of benchmarking depends on some important factors. The results of a survey of 68 industries in Malaysia showed that the effective implementation of benchmarking is influenced by training, along with employee participation and senior management responsibilities [16].



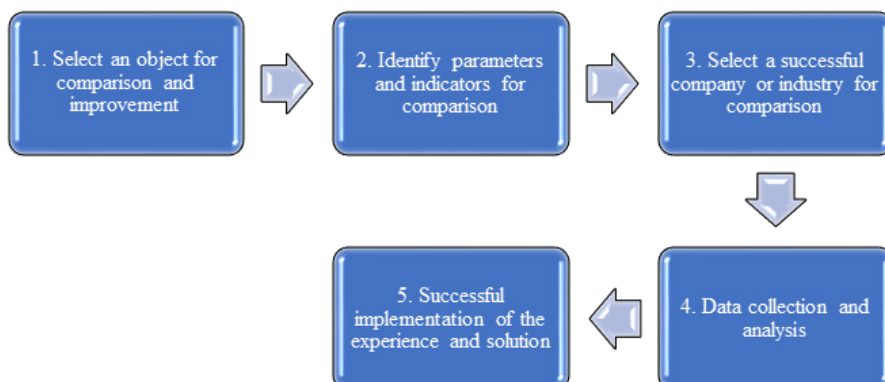
**Figure 3. Classification of benchmarking by object**

Similar views have been expressed for the Indonesian industry. A total of 782 surveys were conducted in 155 industries in Indonesia, and it was found that the responsibilities of top management had a positive impact on benchmarking [17].

Although there are several studies on the implementation of benchmarking in the literature, there is still no research on the use of benchmarking in the automotive industry in Uzbekistan. The positive effect of benchmarking, as evidenced by foreign experience, means the need to use benchmarking in the automotive industry of Uzbekistan.

### Methodology

Given certain barriers and limitations, such as access to data and other resources, it was understood that a multi-method research approach would be more appropriate to generate relevant data and observations in the required range and depth. During our study, methods such as comparing UzAuto Motors selected as the object of research with enterprises operating in the same field and comparing them based on the selected methods were used. The research was also conducted on the basis of the following benchmarking methodology:



**Figure 4. Benchmarking methodology**

### 1. Object selection for comparison and improvement

The first step is to identify the most likely, important, priority areas / directions of automotive activities. Examples include:

- Business process (activity of car showrooms)
- Structural divisions (production department)
- Information system (what automated module is used for information exchange in the company)
- Technology (what technology is used)
- Hardware and systems (security system)

### 2. Identify parameters and indicators for comparison

At this stage, the indicators and parameters of the selected objects are determined, and then on the basis of this information is collected and

analyzed. We have compiled a list of the most commonly used parameters and indicators in the automotive industry:

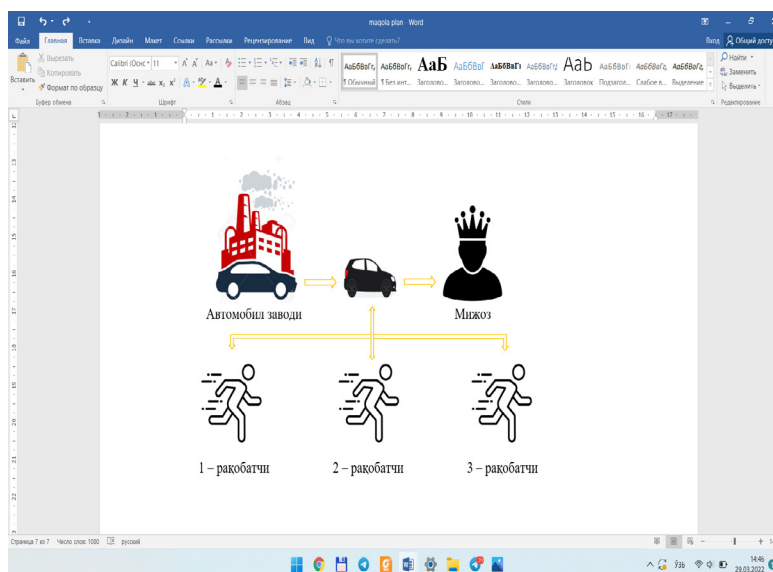
- Financial indicators
- Customer satisfaction
- Quality of products and services
- Level of innovation and use of modern technologies
- Level and means of security in the implementation of products and services
- Staff qualifications

### 3. Choosing a successful company or industry for comparison

Benchmarking usually begins “on its own,” that is, by studying the internal environment of the enterprise, and continues in the order shown in Figure 2.



Figure 5. Competitive model



Competitor 1

Competitor 2

Competitor 3

When using this, it is advisable to choose a more advanced car company or the most successful

industry for comparison. If competitive benchmarking occurs if these conditions are met, it is recommended to build a competitive model (Figure 5). The standard business model of UzAuto Motors JSC, as well as 3 car manufacturers that are similar in terms of specificity and size, but have the highest level of development, will be selected as a benchmark for comparison.

### 1. Data collection and analysis

Studying competitors in benchmarking is a very difficult task. Even if you know the indicators that a competing business has achieved, it is very difficult to determine what has led it to success. For this reason, we have developed specific methods of data collection for benchmarking (Figure 6).



**Figure 6. Data collection methods for benchmarking<sup>1</sup>**

A complex typical business model of a car manufacturer is an effective tool in the design and improvement of its activities, as well as information and methodological guide. This business model includes successful practices and solutions, models, documentation, rules on key areas of management and business engineering in the enterprise: *strategy, business processes, organizational structure and personnel,*

*technological structure and production equipment, factory products, quality and ISO 9001, editing and operation process, system architecture and more.*

### We analyze the methods of data collection on benchmarking one by one:

- A suitable option for benchmarking are the business's partners, dealers, and suppliers because they have a genuine interest in the success of the partner company and business relationship. Cooperation on a mutually beneficial basis and internships with employees of the enterprise are also key factors.

- A common and inexpensive method is to study professional literature, publications on automotive topics in newspapers and magazines. It is also important to study the marketing materials, products, booklets, websites, etc. of competing businesses.

- An effective and at the same time challenging option of benchmarking is to get first hand data, for example, based on personal relationships.

- Mystery shopper technology. This technology is based on simulating a potential customer's appeal to a car manufacturer. In doing so, marketers work as a customer who gathers all the necessary information in the process of obtaining the desired product / service and communicating with the business staff.

- Getting information in the framework of conferences, exhibitions. For example, at a press conference with UzAuto Motors, you can get answers to your questions.

- Expert experience. Professionals who have worked in several auto companies and have extensive experience can be very helpful.

- Business intelligence. Special technologies to search for the necessary information using any legal means. One of the main methods is special search queries on the internet.

It doesn't matter which way you get the information, the key is how relevant and complete it is for subsequent analysis and use in the work. Once the data has been collected, it is necessary to analyze it, select the most appropriate solutions, and draw conclusions on how to close the gap between the comparable and the successful automaker.

### 2. Successful implementation of the experience and solution

<sup>1</sup> Prepared by the author.



At this stage, all the measures and solutions developed in the benchmarking process are implemented. It is important to maintain a balance between the costs of implementing the solutions found and the potential benefits from them. As a result, the enterprise under study using the benchmarking tool decides to implement a comprehensive project to create a quality management system, describe business processes and integrate with the strategy.

### **Use of benchmarking in the experience of foreign automotive industry**

Currently, benchmarking is widely used in various automotive corporations. For example: Ford, Toyota, BMW, AVTOVAZ, General Motors.

International Benchmarking Clearinghouse – The International Benchmarking Center has identified the reasons for the popularity of this tool:

- *global competition – the need to analyze the activities of successful enterprises in order to compete in the international market as a result of globalization;*

- *implementation of know-how – the need to effectively use the achievements in the field of production and business technologies;*

- *encouraging benchmark firms with competitive advantages;*

- *actively use their products in comparison with other companies, their work and apply the achievements in their activities.*

This marketing tool is becoming more and more widespread and widely implemented in the market.

The purpose of benchmarking is to increase the efficiency of the company and to gain an advantage in competition.

The subject of benchmarking is modern technology, production processes, are advanced methods of organizing the production and sale of products.

### **Two main questions of the use of benchmarking in the company's activities:**

1. *How did the company under consideration succeed in implementing products, services, business processes and strategies?*

2. *How can such a practice be implemented in our country?*

To find answers to the above questions, we will analyze the companies that have used

benchmarking, and on this basis we will create the conditions and sequence for its implementation.

### **Application of benchmarking in Ford**

Ford's history of benchmarking began in 1986 with the development of two of the most popular cars in the United States, the Taurus and the Sable. The company has made great strides in introducing a benchmarking system. As a result, the need for post-installation repairs was reduced from 15 percent to 1 percent.

Before the introduction of the system, Ford was known for the low quality of its products. Donald Forson, the former president of Ford, recalled that in the late 1970s, the company realized that fuel savings were not the only reason American consumers turned to imported cars.

Ford's second problem was the organization itself. The company's employees were reluctant to understand the growing competition in the automotive market and focused on more **volume indicators** than indicators such as **the best labor productivity in the industry**. In this regard, the company's management has set itself the following formula: *"To create the best cars in the world, it doesn't matter how it's done"*.

An analysis of strong competitors was conducted to determine the optimal design of the cars in solving the problem. Ford has identified 400 structural elements that are critical to the overall model's success. Everything was taken into account, from the brake system to the key path in the ignition switch. The company also studied competitors on how to organize production and develop new products to reduce costs. For each of the 400 elements, an industry-leading manufacturer was selected. In fact, Ford engineers have created a hybrid of 50 mid-range cars. At the same time, a group of production workers was sent to Japan to study the best in the class on the organization of production.

On the basis of the collected data, working groups on various functional areas were formed to carry out the pragmatic task of **"chasing or overcoming the best"**. Those who failed to perform this task were brutally expelled from the company. The result exceeded expectations. In production, *Ford products outperformed competitors by 77 percent on 400 items.*

Benchmarking process has changed the way cars are developed. Previously, Ford produced

the model in stages: product planners developed a general concept, which was later incorporated into the design team. After that, technological peculiarities were developed, on the basis of which prototypes appeared.

Ford changed this system to the Japanese system. Representatives of the technological chain described above came together in competing teams to work together. This allowed design and technological errors to be eliminated immediately, not at the end of the process.

Parts suppliers were also involved in the production process. As a result, the price of the model has dropped and a high level of quality has been strengthened, even during the development phase.

#### **Application of benchmarking in Toyota**

At Toyota, the use of benchmarking is an ongoing process, a tool that ensures its continued effectiveness. Toyota Motor Corporation was founded in 1937 and has a history of 82 years. In 2008, Toyota was ranked sixth on Fortune 500's Fortune 500 list. Its revenue and profits ranked first in the entire automotive industry. Toyota cars are sold almost the same number as Volkswagen cars, but its profits are almost twice that of Volkswagen. Toyota's profit and cost control is controlled by its unique Toyota production mode – Toyota's Production System (TPS). It has become the most important content to learn from Toyota for the world. The Toyota production method has been recognized as a process of continuous benchmarking and comparison of the results of the global manufacturing industry.

Toyota products can be found all over the world. Since the 2008 financial crisis, Toyota has gradually overtaken General Motors to become the world's largest automaker.

According to "Focus 2 Move", a well-known international market research organization, Toyota's sales in 2018 were 10.52 million vehicles, accounting for 11.1% of global car production. In 2018, four of the top 15 models sold worldwide alone accounted for Toyota.

In 2018, Toyota was again ranked sixth in Fortune 500's Fortune 500 rankings. This is the highest rating of all car companies in the world. In terms of revenue, Toyota is still in first place, and it is almost double the revenue of the second-ranked Volkswagen, which is more than the sum of

the revenues of the companies in the sixth to tenth place in the ranking.

While the reputation of the Toyota brand is not as good as that of Rolls-Royce, Mercedes-Benz, BMW, Maybach and other luxury car brands, Toyota's annual profit is greater than that of Mercedes-Benz and BMW combined. Toyota's high-end brands, such as Lexus, are increasingly attracting customers.

The establishment of Toyota, the launch of car production is associated with the name of Toyoda Sakichi. He saw the process of weaving at home from a young age, automated it and created machines that increase productivity, and set up production. He studied Europe and the United States for 8 months, beginning in May 1910, and felt the popularity of automobiles. At that time, the Japanese car market was monopolized by Ford and General Motors. As a result, Toyoda Sakichi decides to hand over the production of the national car to his eldest son, Kiichiro Toyoda. K. Toyoda fulfilled his father's dream by turning an automatic loom manufacturer into an automobile manufacturer, setting up Toyota Motor Corporation and sending money to his son to study U.S. and European automotive technology. Meanwhile, Toyoda Sakichi dies at the age of 63. During this lifetime, it has obtained 84 Japanese national patents, established 35 application systems, and managed to register 9 national patents internationally. Toyoda Sakichi's style of continuous improvement of technology and creation of new technologies has become a unique heritage of Toyota's corporate culture and has been the basis for shaping its attitude towards technology.

To make his father's dream come true, Kiichiro Toyoda spent 4 months researching the British vehicle manufacturing system and visiting American car factories to learn about the state of the automotive industry in America and Europe. As a result, by September 1934, Toyota's first practical car engine, the A model, was successfully produced. The capacity of this engine is 3389 CC. This is a 6-cylinder in-line engine. Engine model "A". The combustion chamber has been redesigned and the maximum power can reach 65 horsepower. In 1935, Toyota partially completed test production of manned vehicles and trucks. Production of the "AA sedan" officially began in April 1936, and the Toyota Motor Company was officially formed in

1937. Initially, Kiichiro established a policy of **mass production of high-quality cars at low prices, and then entry into the world's Category 1 automotive industry**. This policy set an important ideological direction for Toyota's subsequent entry into the automotive industry. Toyota's next production methods are based on this idea.

In 1940, Toyota produced 15,000 cars as dividends from war orders, but after the war, that number dropped to only 3,275. After World War II, Japan entered a period of post-war economic recovery. For three years, Kiichiro Toyoda put forward the motto of reaching the American automotive industry. Faced with the gap, Naoyi Ohno, director of the second machinery workshop at the manufacturing department, believed the difference between the Japanese and U.S. automotive industries was caused by serious waste and illogicality in Japanese production (as a result of benchmarking comparisons, of course). He thought that labor productivity should increase significantly if these wasteful and unreasonable events were eliminated. This idea finally formed the starting point of the most revolutionary way of managing production – the Toyota production method.

Toyota's productivity has grown as a result of Ohno's ongoing efforts to improve. By 1982, General Motors had produced six cars per capita, while Toyota had increased production to 55 cars per capita. GM's per capita income that year was \$ 1,400, while Toyota's per capita income was \$ 14,000, which is 10 times more than GM's.

Kiichiro Toyoda realized that there was no point in producing good cars if he could not sell them, so he began to develop Toyota's sales network. After several failures, he finally found Taro Shengu, who was then vice president of sales and public relations for the Osaka branch of General Motors. Inspired by Toyota's motto of *"reaching out to U.S. automakers in three years"*, Shengu decided to join Toyota. He then used his rich experience to put forward the idea of *"building a trading company in every district and county" and put it into practice. "Production and sales complement each other"* – this is one of the secrets of Toyota's sustainable prosperity.

In the history of Toyota's development, Kiichiro Toyoda's cousin Ying-Er is the person to talk about Toyoda. Under his leadership, Toyota

officially began large-scale production and sales, and became a truly large enterprise.

Ying-Er has been Toyota's president since 1967 for 15 years. In Japan, 1 million cars were sold annually. In 1972, the goal of producing a total of 10 million cars was achieved. In 1973, a total of 10 million cars were sold in Japan. In 1980, a system for the production of 3 million cars a year was launched.

During Ying-Er's presidency in Toyoda, the automotive industry faced strict regulations on waste control. At the time, this seemed like a huge crisis for Toyota, but now looking back, Toyota Motor Company has begun to put a lot of effort into developing automotive technology in terms of fuel economy, emissions, and other aspects, and has risen to the top of the world. During the global oil crisis of 1973-1974, not only did Toyota's profits decline, but it also generated nearly 100 billion yen in profits, resulting in an increase in its reputation.

Due to limited resources and a large market in Japan, Toyota started its global expansion plan very early. In 1959, Toyota established its first overseas joint venture in Brazil, pioneering overseas production. However, Toyota's global strategy until 1995 was relatively cautious and conservative to enter foreign markets.

Toyota entered the U.S. market at a rapid pace due to the two oil crises of 1973 and 1979. These two oil crises have significantly changed the composition of demand for cars in the United States. A key indicator of consumer choice has begun to shift from large vehicles to small and fuel-efficient vehicles. American automakers that did not have small car manufacturing technology had gradually lost their competitive advantages in the past.

In July 1982, Toyoda's son, Ichiro Toyoda, became president of the company. Knowing that demand for car consumption in America was changing, he flew to the United States from the beginning of his career to negotiate with General Motors President Roger and Smith for unprecedented cooperation in the history of the two largest automotive companies in the world.

At the time, General Motors made many attempts to increase production, save oil and reduce emissions, but none of them worked. The company's decision-makers wanted an in-depth analysis of Toyota's production and operation

process through the Toyota JV. Toyota, on the other hand, could enter the U.S. labor market directly through such a joint venture. After months of negotiations, the two companies agreed in February 1983 on the principle of joint car production in the United States. The following year, 50 percent of the joint venture between Toyota and GM was approved by the U.S. Federal Trade Commission.

Eight months later, the Chevrolet Nova joint venture was launched, and the cost of the cars produced was much lower than the American models produced by Ford and Chrysler, which caused a stir in the automotive industry. Toyota then founded Toyota Kentucky Motor Manufacturing Company (TMMK) in 1986 in Scott, northern Kentucky. In December 1998, Toyota Indiana Motor Manufacturing Company (TMMI) began production.

To enter the European market, Toyota began exporting cars to Denmark in 1962. In 1971, the Portuguese manufacturer received a license to manufacture cars in Portugal in partnership with Toyota. In 1987, Toyota trucks were produced in collaboration with the French company "MANITOU". In 1989, Toyota co-produced pickups with Volkswagen Motor. In December 1992, Toyota Motor UK Manufacturing Company began production.

In August 1995, Oda became the President of Toyota Motor Company. Prior to that, he was fully responsible for Toyota's international business. Under his leadership, Toyota embarked on a full global journey. As a starting point, the company has established more than 40 manufacturing enterprises in 25 countries and regions around the world. These companies are located on all continents of the world, from underdeveloped third world countries to developed countries – Canada, UK, Australia, France, etc., and even in the United States, which is the world's leading automotive industry.

The development of Toyota has attracted the attention of the world business community. As early as the 1980s, James Walmack, an American scientist and professor at the Massachusetts Institute of Technology (MIT), conducted systematic research on the Toyota model. His work, *The Machine That Changed the World*, directly promoted Lean production to become world-renowned. After five years of extensive research in the automotive

industry, the MIT research team noted that the Toyota production mode is a unique energy-saving production system and called it "**energy-efficient production mode**" (*Lean production mode*). It corresponds to the large-scale production mode of the Ford production method. Lean Production has the advantages of both manual production and large-scale production while focusing on overcoming disadvantages such as the high cost of production through manual labor and the less flexibility of large-scale production.

In addition to automation and timely operation, the success of the Toyota production mode has two important keywords: **the lowest price** and **the highest quality**.

Under the condition of high price and quality, Toyota can also achieve high profits, which means that it has made great efforts to control costs. Toyota believes that in order to reduce costs, all waste in enterprises should be eliminated and reduced to «zero».

Indeed, many have ignored a wise saying: "**Reducing waste by 10 percent is equivalent to doubling sales**". For example, the profit of a commodity is 10 percent. If you want to double your sales revenue, you need to double your sales. But even if the cost of the product is reduced by 10 percent and sales do not increase, the goal of doubling profits can be achieved.

Toyota waste actually has two meanings: **first, all activities that do not create value for customers are wasted, so we need to eliminate activities that do not add value; second, even value-creating activities will be a waste of consumed resources if they fail to achieve the ultimate goal**. As a result, Toyota has identified seven categories of waste that cannot create value in its business processes or manufacturing processes, including:

- *overproduction;*
- *waiting time on the spot;*
- *unnecessary transportation;*
- *over-processing or under-processing;*
- *surplus inventory;*
- *unnecessary mobile processing;*
- *defective products or items that need to be recycled;*

The first of these wastes is **overproduction** that Naini Ohno considers **to be the largest and most serious** waste. There are two types of

overproduction: ***the first is the production of surplus products in a timely manner, and the second is the performance of production tasks ahead of schedule.*** From a market point of view, the rate of production of goods exceeds the rate of sale of goods over a period of time. While this is a good thing according to the traditional concept of production and exploitation, in Toyota's view, overproduction is the root of all evil.

Toyota has taken five steps to eliminate the waste:

1. *Offer system. Each employee puts forward rationalization proposals, and the manager conducts a special examination and approval each month to encourage the employee to improve.*

2. *Eliminate 12 improvement wastes, use a positive reflection scale, set a reflection scale, change normal thinking, and constantly monitor the root of the errors.*

3. *Zero inventory, and low prices. To maximize the value of products, Toyota manages the entire production as JIT (Just in time), integrates the supply chain system to achieve timely production, ensures the quality of the finished product by managing the production process, eliminates all types of waste at all production stages, reduces production time. High-quality products will make customers and finally the whole company. Low-cost production, sale, and use.*

4. *The doctrine of the "three truths" – does what needs to be done on the spot, real and present, where it is needed.*

5. *The need to resolutely eliminate waste in understanding, behavior, and action. This eliminates waste, which in turn saves costs and improves efficiency.*

There is no enterprise in the world that does not want to do its quality well, but it is rare for an enterprise to be able to control the quality at a really excellent level in the industry. To address quality issues, every ordinary worker in the Toyota manufacturing process has the right to stop the entire

production process until the problem is resolved.

After more than 80 years of history, Toyota has become the most efficient and competitive company in the global automotive industry. Toyota's production mode is attracting the attention of experts, scientists, economic circles, and especially business operators of the manufacturing industry around the world. People are actively working on the study and implementation of this revolutionary method of production. The concepts, ideas, and methods of the Toyota production regime are of universal guiding importance for the overall manufacturing industry and even for all industrial enterprises, regardless of national borders, industries, and stages of economic development.

### **Conclusions and suggestions**

Our research has shown that benchmarking is an important tool for successful companies to develop their competitive strategy based on the study of best practices. The two largest companies in the automotive industry studied in our study also link the secrets of their success to benchmarking. These companies have found not only best practices in the use of benchmarking but also effective mechanisms for overcoming them by studying mistakes and shortcomings.

In our opinion, it is expedient to use the benchmarking tool at a time when the issue of creating an environment of free competition in the economy of Uzbekistan is one of the most pressing issues today.

In our research, we reflected on the fact that one of the secrets of the success of the world's leading auto companies is the correct and effective use of benchmarking and shared their best practices.

We recommend that Toyota take the history of its development and achievements as a model for domestic enterprises and effectively use the benchmarking tool. Our research in this area will continue.

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## STRATEGY FOR BRANDING OF FOOD PRODUCTS`

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**Abstract.** *In this article have been discussed the theoretical and methodological foundations for creating a national food brand, the author explains the terms «brand» and «national brand». The author presented scientific proposals and recommendations for the development of a marketing strategy for the formation of a national food brand.*

**Keywords:** *brand, national brand, food products, branding, marketing, attribute, image.*

**Аннотация.** В данной статье рассмотрены теоретико-методологические основы создания национального продовольственного бренда, автор разъясняет термины «бренд» и «национальный бренд». Автор представил научные предложения и рекомендации по разработке маркетинговой стратегии формирования национального бренда продуктов питания.

**Ключевые слова:** бренд, национальный бренд, продукты питания, брендинг, маркетинг, атрибут, имидж.