

Dacia-Group Renault -focus to customers' satisfaction

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Motto:

„There are three types of companies: the ones that make things happen, the ones that look at what is happening and the ones that wonder what happened” (Anonymous)

Abstract: - The decisions of a company with global vision is oriented mainly on product markets rather than on the domestic market. Since 2000 we witness companies focus on knowing how to conquer a market (marketing know-how), to the will to choose strategic alternatives, sustained by the will to act according to a strategy anchored to the changes in the company's marketing environment. Thus, now the company becomes a producer of product proposals offered to the market, the consumer produces satisfaction, the distribution produces exchanges, and the environments are producing beliefs. Long-term, successful companies are proving to be those, which are best focused on customer's value offered to produce his satisfaction, just as, the defeated ones are those that lack focus.

The auto market is one of the markets always changing, highly competitive, where there is a need for capacity to adapt to the needs / expectations of their consumers / clients and innovation at the same time. The Romanian automotive producer Dacia Group Renault has continuously improved the quality of supply, after the acquisition of the Groupe Renault factory, managing to place itself on the Romanian market, and especially on the international market with remarkable results.

This paper highlights concrete ways in which the producer Dacia Group Renault has achieved success on the auto market in the current crisis situation.

Key-Words: - auto market, customer satisfaction, business architecture, Dacia branding focus

1. Introduction

What does Dacia-Groupe Renault represent?

The first Romanian car manufacturer was founded in 1966, with the creation of Cars factory in Mioveni. In

1999, Groupe Renault buys 51% of the shares after the privatization process and, currently holds 99.43% stake in Dacia.

The company has undergone an extensive modernization program: from the restoration of industrial plants, commercial network reconstruction and reorganization of the network providers, to obtaining three quality management standards, one of which is for environment protection. LPG, the new engine of 85 hp on the diesel version of Logan 1.5 dCI and Logan Pick-Up.

In 2009, despite the economic situation strongly affected by the crisis, the Dacia maker realizes a market share of 28.9% (1.5% over that of 2008) and experienced a boom in sales in Western Europe, with over 200,000 vehicles sold.

2009 was the fifth consecutive year in which, Dacia had a growth rate of over 10% of sales. In 2009, Dacia exports reached nearly 270,000 units, 56.1% more than in 2008, while on the Western European market, 200,962 vehicles were registered.

Three western countries listed in the top exports of Dacia in 2009 are:

- **Germany**, which in 2009 became the first export destination of the Dacia brand, with 84,708 units sold (+231.3% from 2008);
- **France**, with 65,956 units (+51.4%);
- **Italy**, with 21,739 vehicles (+151.9%).

In 2009, Dacia has held 2.13% of the German market, 2.5% of the French and 0.93% of the Italian market.

2. Problem Formulation

Kaizen is a Japanese concept that refers to continuous improvement, sustained, that can do wonders in the production line, but can be a disaster in the board room. Products determine the way to follow, but not in all cases the market lets itself to be run and almost always, success requires being in the right place at the right time and with the right product, carrying the right name.

In other words, *companies must find a proper strategy to “cross the trenches”*.

The customer has become the most valuable asset for any company. Focus Principle means focusing the company's activities on customer needs and desires and through focus you can achieve maximum utility for clients and, on this basis, a competitive sustainable advantage towards competitors is being created.

Strategic management decisions of a company with international activity in the XXI century, must make the company implement a marketing concept, focused on changing its marketing objectives, from winning to providing value for stakeholders - customers being the most important stakeholders of company. (Figure 1)

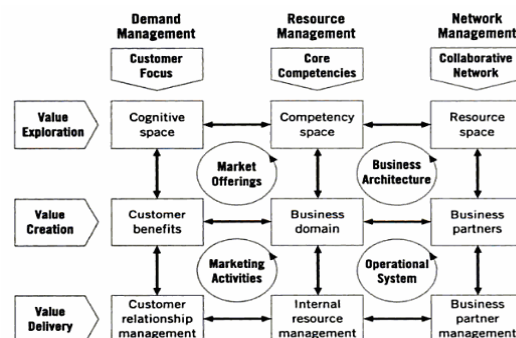


Figure 1: A Holistic Marketing Framework

Benefits and income generation for them is the main focus of marketing in general, and implicitly of the company's international strategic marketing.

3. Problem Solution

After a continuous increase from 2000-2007, the number of new cars registered in Romania entered a downward trend, reaching only 116,000 units in 2009. (Chart 1)

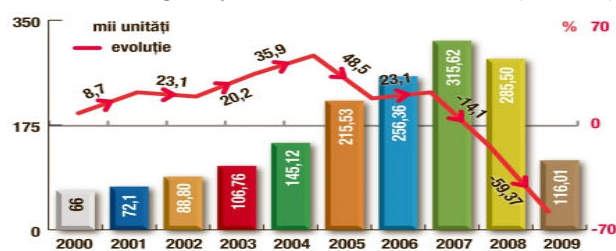


Chart 1: Auto market evolution in Romania during 2000-2009

The decline of the car market in Romania was, however, less steep than in January, when the number of registrations of new auto vehicles for passengers decreased by 84.6%, according to the European Automobile Manufacturers Association (ACEA). In February 2658 cars were registered compared to 7187 cars in the same month of 2009.

In February 2010, the European Union has registered the most pronounced decline in the number of registrations of new cars by 63% compared to same month of 2009, while at E.U. level, the auto market grew with only 3%. Export Dacia sales were of 270,000 units, with 56.1% more than in 2008. Dacia has strengthened the success on the Western European market, where in 2009 were registered 200,962 vehicles according to information provided by ACEA.

According to Philip Kotler there are some marketing methods that can lead the company to a better

positioning in the value chain and bring satisfaction to its clients to assess their loyalty and commit them.

Which are these methods and how are they applied by the Dacia Group-Renault manufacturer?

3.1 Win by quality

In a ranking of reliability made by French magazine "UFC - Que choisir?", after Daihatsu and Lexus (Toyota group's brands), Dacia was in third position. The Romanian brand Dacia registered a score of (92, 61%), calculated *according to several criteria - frequent breakdowns, incidents of technical matter, maintenance costs of the vehicles*. The study published in the January 2010 issue of "CFU-Che choisir" was performed on a sample of 26 277 drivers (French, Belgian, Italian, Spanish and Portuguese), which compared 144 models of the 34 brands, the most common ones to encounter on the European market.

Dacia has obtained the first position as far as the cost of maintenance per year (130 euros), followed by Mazda (229 euros) and Ford (230 euros).

At the family Car category, **Dacia Logan MCV the 1.5 dCi (version 5, and 7 seats) ranks second place**, after Honda Accord.

How was this performance possible?

- Through **massive investments**: 1.5 billion euros, the value of investments made between 2000-2008 with an annual average of 200 million euros.

The company *has undergone an extensive modernization program: from the restoration of industrial plants, commercial network reconstruction and reorganization of the network providers, to obtaining three quality management standards, of which one in the environmental protection field.*

- The focus of the company from the maximizing model at the microeconomic level to competitive strategic management of international competitive partnerships, mainly aimed towards alliances to improve both the quality and facilitate the entry into new markets.

Dacia benefits fully from belonging to the Renault Group, the key skills and organization of the parent company, both at industrial and commercial level. Distribution of Dacia vehicles and spare parts is being provided by the Renault commercial network in most countries. Dacia is the second brand of the Renault Group and represents the development pole of the Renault Group in Central and Eastern Europe. Its mission is to produce modern designs, robust and

economic destined for new markets and adapted to the expectations, needs and resources of the new clients.

The Renault-Nissan Alliance is a strategic partnership established between the two international-sized companies - Renault & Nissan - capital through cross-shareholding. The alliance defines and implements a strategy of profitable development. Dacia is one of the key brands of the Renault Group and of the Renault-Nissan Alliance. The ILN Center (International Logistic Network) from Mioveni delivers parts for the assembly plants of Logan in Morocco, Colombia, Russia, Iran, India, Brazil and South Africa. In May 2008, on the Dacia platform from Mioveni, Romania has inaugurated a plant for gearboxes for Renault-Nissan Alliance.

3.2 Win with better services

During the consumer-provider interaction, the quality of a service is the result of the expectations of the consumer / customer.

A. Feigenbaum defines **quality** "as an effective system that integrates the efforts to increase the quality of different groups of an entity to produce / provide goods / services at levels that satisfy the customer.

We must notice that J. Juran defines quality by *adding an important complementary hue* – "ability to satisfy the needs or measure in which the product / service successfully serves the expectations of the consumer / customer" and suggests in this regard the phrase "capacity of use".

By all steps taken: massive investment, environmental protection, social responsibility, through involvement in community life and a strategy of continuous improvement of its product range, **Dacia is proud of respecting the concept of "a good service"**.

3.3 Win through lower prices

The price is above all a constraint for the consumer, which does not agree to pay the difference, except from a certain level, depending on the level of its resources. You can not build a viable business based solely on low prices. Yugo cars had low prices, but were also of poor quality and, consequently, now they no longer exist. Some sort of quality must exist, so that the client feels that he is making a purchase based not only on price but on value.

Within the "Logan" project the method "design to cost" started at Renault in 1992 has seen a decisive phase in 2004, along with this program, body lines were designed so that pressing costs to be as low as possible. The idea is to guide the entire design process in the direction of reliability and economy step, through the use of verified

solutions. The use of some common elements on several models of a manufacturer ("carry over"), is a guarantee of reliability for customers and a source of cost saving optimization for the enterprise.

To get a good ratio price / quality / interior space Renault had optimized the performance of the product: Logan was a pilot program to use the numerical concept in product development, industrial facilities and manufacturing process. As for the purchasing criteria *the price factor ranks first in Romania, Central Europe and Turkey, followed by the moderate maintenance costs.*

"We started from a blank page and were constantly stimulated by our goal: *to achieve a sale price from EUR 5.000*, defined by Louis Schweitzer (ex Chairman CEO of Groupe Renault, now Chairman of the Board), in 1988", said JM Hurtiger, Director of the Logan project. Consulting the offers of new and second hand cars in the auto market in Romania, we noticed the fact that the only new car that fits this amount is Dacia with its models Logan and Sandero. The discounts operated on various models and equipment variants, as well as the cassation bonus offered by the Romanian Program "Rabla 2009", made Logan the most attractive offer on the Romanian market. For the Sandero model, the price for the basic model of 6890 euros decreases with the cassation bonus (approximately 1,000 euros), reaching 5970 Euro.

3.4 Win with a high market share

Generally, companies with high market share make more money than the weakest in this chapter. They benefit from large scale economies and enjoy greater brand recognition. There is also an "effect of the house success": those who buy the product for the first time, prefer to take it from a leading company. In the case of the Dacia manufacturer, on an internal auto market, down with 53.2%, Dacia permanently pursued positioning its models at the best price sustained by the advantage of quality and reliability of products, confirmed by the latest customer satisfaction surveys.

3.5. Earn through adaptation and individualization

Forms of differentiation can be numerous: technical advantages, reliability, conditioning, distribution network, after-sale service, the image of the product / company.

JPAngelier shows that, subjectively or objectively, differentiation through quality regards making a part of the customers loyal and makes the demand more rapid application in comparison to the prices. The producer that implements a strategy of differentiation needs to consider:

- psychological perception that dealers will pay less to purchase some products;

- existence of a standard of value according to which, always, quality goods are more expensive;
- financial resources of consumers and how to meet their needs.

The **Duster** project was born from a simple observation: *the existence on the international market of a real need for 4x4 roomy, robust and affordable models, a need which is currently very little satisfied.*

Groupe Renault decided to develop a model "all-terrain" destined mainly to markets in full growth, taking into consideration the needs of European customers.

In emerging countries (Russia, Brazil, ...), middle class aspires to the posses modern vehicles that reflect their social success. In parallel, these customers need a strong, reliable and versatile car to withstand climatic constraints and severe and varied conditions of use (eg long distances, steep roads, even impracticable, urban traffic, often within urban central busy traffic, etc.).

Current offers, in most cases, represented by import SUVs are often inaccessible to those potential clients.

In Europe the Dacia's success has demonstrated the existence of a clientele that are looking for modern vehicles, reliable and affordable. The 4x4 models offer and SUV, though large, does not include the functional and affordable off-road vehicle segment, privileging instead, flashy SUV models that are expensive and often not adapted to the "all-terrain" needs of use.

3.6 Win through a continuous improvement of the product

The Logan project was a real national challenge by which the Romanian car-maker Dacia has proved that it has the potential to become an international brand. *The Renault group has decided to initiate the Logan project to dispose of a product offer complementary to that of the current Renault range.* Logan has undergone intensive work in the field of product safety. Renault engineers have struggled to find solutions different from those adopted, typically, in the "traditional" projects, to obtain performances as close to the edge as Renault vehicles.

Since 2009, all Dacia models benefit from the Bosch 8.1 ABS systems with electronic distribution brake force and EBA (Emergency Brake Assistance) which are presently series equipment. As for passive safety it has been conceived on a platform derived from platform B (Renault Modus / Nissan Micra), Logan thus benefiting from all Renault engineering fundamentals regarding ride safety.

3.7 Win through innovations

A company deals with a dilemma: if it does not introduce new products, it can "evaporate", and if it does, it could lose a lot of money. The producer of Dacia Groupe Renault has chosen the risky way. So, after Sandero, Logan, Logan MCV and utility vehicles Logan Van and Logan Pick-up, ***Dacia enters on the 4x4vehicles market with the Duster model.***

Dacia Duster is a 4X4 model robust, reliable and easily maintained, for customers who require the daily use of a vehicle with "all-terrain" capabilities.

Dacia Duster is an economical vehicle:

- ♦ la achizitie: ofera un raport pret/spatiu interior/prestatii imbatabil;
- ♦ in utilizare: este echipat cu motorizari cu consum redus de carburant si cu emisii scazute de CO₂. Versiunile diesel ale Dacia Duster emit sub 140 g CO₂/km in versiunea 4X2 – primind astfel semnatura "**Dacia eco**" si sub 150g CO₂/km in versiunea 4X4.
- ♦ at purchase: offers an unbeatable ratio price / interior space / benefits report;
- ♦ in use: it is equipped with engines with low fuel consumption and low CO₂ emissions. The diesel versions of Dacia Duster emits under 140 g CO₂ km in the 4X2 version - thus receiving the "**Dacia eco**" signature and under 150g CO₂/km in the 4x4 version.

3.8. Win by penetrating markets with rapid growth

The focus strategy is based on the idea that the positioning on the chosen target-segment would bring the firm an increased profitability in relation to what would be obtained in case of a dispersion in the whole market / industry. Most often, this strategy of offensive nature is adopted by firms with a good position on the or by the newcomers, but have a significant competitive advantage. Challengers are most often seen in the foreword position and they practice with the aim of overcoming competitors and counteract rivals. They use a real network strategy of attack, all based on the principle of consolidation, according to which high combative power should be concentrated on the moment and the most appropriate places. Once the market accepts as standard the brand a company, that company will register growth in the sales and profits volume.

Dacia has chosen to focus on markets/regions/countries where its competitors were geographically exposed (both on the Romanian market and on the international one).

3.9. Win by overcoming customers' expectations

P. Drucker said in the mid-'50s that: "the firm's aim is to create customers". A study conducted among Toyota business customers has shown that 75% of those who bought a Toyota car were satisfied, and of them only 75% said they planned in the future to buy a Toyota car.

Substantial changes, often dramatic, of the coordinates that define the profile and behaviour of the consumers change under the influence of international environmental factors. In the centre of these changes stands the accepted dynamics of the consumers / clients perceptions, that are becoming more powerful and personalized regarding goods / services offered by the national / international market.

Intensifying competition on national markets, especially internationalization and its tendency of globalization of markets, forces the company to understand very well the customers profile on target-markets, to give an adequate response, better than the one of the competition, to the expectations / desires and perceptions of the customers. The consumer is the one that places the product, brand or company on the place it perceives, in relation to other products / brands / services and existing companies.

The differentiation potential and brand energizers, the quality, the after sales services, customer satisfaction, and notoriety of Dacia-Groupe Renault producer, are key assets that must be related to the value proposal offered to potential / effective customers to obtain their loyalty.

Fluctuations of the business strategy must be supported by implementing a dynamic brand strategy, which folds on the target market through an offer that brings customer satisfaction and earns their loyalty.

In the top most powerful brands in Romania, carried by B&P Brandivia and GfK Romania during the 1st quarter 2010, which has analyzed the differences and similarities between the consumers of a certain category of products/services, how communities are built around brands and what are the factors that influence them, ***the Automotive and Financial brands are in the second part of the list; Dacia leading the auto sector (21st place), and Roumanian Trade Bank leader for the financial sector (24th place).*** Coca-Cola leads the market with the strongest brand community, followed at narrow margin by Milka and Jacobs Kronung. The majority of brands in **Top 10** are in the FMCG, only two exceptions are the country's largest telecom carriers – Orange on 4th place and Vodafone on 10th place.

The most viable strategies that can be taken into consideration by the Dacia manufacturer to ascend to a higher level, in our view, could be:

- ♦ positioning the brand as one super-prize when it comes to various products / markets;

- ♦ rebranding of the products with low prices eliminating one of the factors that generates the brand image with the advantage a low cost;
- ♦ the use of a sub-brand - creates a brand of the “silver bullet” type, that would take the form of a differentiating element or an energy source, in the category of products with high prices, in order to sustain, with credibility, the cause of the product.

4 Conclusion

Group - Renault has promoted a **new marketing – management vision** in the Roumanian automotive company, **which promote in the organisation a new behavior oriented to CLIENT and his satisfaction.**

The new vectors - **CLIENT and QUALITY – may be considered** as new sources of the sustainable competitive advantage for the Romanian automotive **DACIA - GROUP RENAULT on the international market.**

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