

# Renault the entry into india essay



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Objectives of the study are: 1. To examine the marketing strategies available to companies in the early stages of market diversification. 2. Identification of the target market 3. To explore product positioning recommendations.

4. To consider how positioning is reflected in and built through the marketing strategy. Target of the study To introduce the concept of product positioning, branding and International market entry in emerging markets. Introduction to the subject areas dealt with in the study 1. arket positioning 2.

market penetration MARKET POSITIONING Although there are different definitions of Positioning, probably the most common is: " A product's position is how potential buyers see the product", and is expressed relative to the position of competitors. Positioning is a concept in marketing which was first popularized by Al Ries and Jack Trout in their bestseller book " Positioning - a battle for your mind". They iterate that any brand is valued by the perception it carries in the prospect or customer's mind. Each brand has thus to be ' Positioned' in a particular class or segment.

For example, Mercedes is positioned as a luxury brand, and Volvo is positioned for safety. The position of the brand has to be carefully maintained. When Marlboro reduced its prices, sales dropped immediately because its customers began associating it with the generic segment. Rolex watches are even more dramatically positioned as a luxury items, and have become a symbol for accomplishment in life. If Rolex reduces its prices, it will reduce brand cachet and sales. This differs slightly from the context in which the term was first published in 1969 by Jack Trout in the paper " Positioning" is a game people play in today's me-too market place" in the

publication Industrial Marketing, in which the case is made that the typical consumer is overwhelmed with unwanted advertising, and has a natural tendency to discard all information that does not immediately find a comfortable (and empty) slot in the consumers mind.

It was then expanded into their ground-breaking first book, " Positioning: The Battle for Your Mind", in which they define Positioning as " an organized system for finding a window in the mind. It is based on the concept that communication can only take place at the right time and under the right circumstances. " What most will agree on is that Positioning is something (perception) that happens in the minds of the target market. It is the aggregate perception the market has of a particular company, product or service in relation to their perceptions of the competitors in the same category. It will happen whether or not a company's management is proactive, reactive or passive about the on-going process of evolving a position.

But a company can positively influence the perceptions through enlightened strategic actions. Product positioning process: 1. Defining the market in which the product or brand will compete (who the relevant buyers are) 2. Identifying the attributes (also called dimensions) that define the product ' space' 3. Collecting information from a sample of customers about their perceptions of each product on the relevant attributes 4.

Determine each product's share of mind 5. Determine each product's current location in the product space 6. Determine the target market's preferred combination of attributes. 7.

Examine the fit between: oThe position of your product oThe position of the ideal vector 8. Position. Market penetrationMarket penetration is one of the four growth strategies of the Product-Market Growth Matrix defined by Ansoff. Market penetration occurs when a company enters/ penetrates a market with current products.

The best way to achieve this is by gaining competitors' customers (part of their market share). Other ways include attracting non- users of your product or convincing current clients to use more of your product/service (by advertising etc). Ansoff developed the Product-Market Growth Matrix to help firms recognise if there was any advantage of entering a market. Market penetration occurs when the product and market already exists. MARKET POSITIONING STRATEGY FOR LOGAN CARS IN INDIA Q1. How successful and confident is renault in the global market and does that influence its entry in to India? Renault's success in the global market is observed by other automakers with envy.

The success can be shown by reliable figures and tables. Following are the figures and tables by different units researching on the sustainability, overall performance and quality of different companies SAM agency Founded in 1995, the SAM financial services company advises funds on their investment decisions according to economic, environmental and social criteria that are analysed from the perspective of long-term growth. In 1999, SAM joined forces with the Dow Jones indices to set up the Dow Jones Sustainability World Index and the Dow Jones STOXX Sustainability Index. 007/2008 results Renault is listed in the Dow Jones Sustainability World Index and the Dow Jones STOXX Sustainability Index, which are both very influential on the <https://assignbuster.com/renault-the-entry-into-india-essay/>

financial markets. Renault rated “ Gold” in the Sustainability Yearbook 2008 published by SAM.

This document is one of the most complete presentations of the challenges and opportunities in sustainable development. Figures - results for 2007/2008 Renault rating for 2007 Average rating in the sector in 2007 Economic performance 7556 Social performance 7358 Environmental performance 9373 Total Score 8062 Figures - results for 2006/2007 For the year 2006/2007, Renault has been listed in the Dow Jones Sustainability World Index and the Dow Jones STOXX Sustainability Index, which are both very influential on the financial markets. Renault rating for 2006 Average rating in the sector in 2006 Economic performance 6550 Social performance 7263 Environmental performance 9075 Total Score 7562 GRISince 2001, Renault has been using the Global Reporting initiative framework as a tool to measure its performance in sustainable development What is the Global Reporting Initiative? Created in 1997, the GRI brings together companies, government representatives, and non-governmental organizations working in areas such as human rights, the environment and labor. The GRI cooperates actively with the United Nations Environment Programme (UNEP) and the Global Compact. Its mission is to develop globally applicable guidelines to be used by companies in reporting on the economic, environmental, human resources and social dimensions of their activities. GRI guidelines include: • guidance on producing annual reports and sustainable development reports; • sector supplements, taking into account issues unique to certain sectors; • technical protocols describing how to

measure and present results for each performance indicator; • model documents for presenting and organizing information.

Today, more than 1000 companies and organizations worldwide use GRI guidelines to report on their activities. The use of these guidelines is a voluntary commitment. In 2006, GRI launched a process of consultations of its stakeholders in order to actualize its guidelines. Renault participated in these consultations via EpE and ORSE, and uses the new indicators of GRI guidelines (the G3). OEKOM: Oekom Research is an agency of independent analysts wielding a strong influence in Germany. Its ratings include all social, cultural (40%) and environmental factors (60%).

The result is an assessment of a company's "Corporate responsibility". 2006 results Renault scored a "B" for its overall result and was the best-performing carmaker of the 17 that were analysed. Vigeo Vigeo is an independent corporate social responsibility (CSR) rating agency founded in July 2002. Its business is to measure CSR performance of companies and public entities.

The six areas under review are: Environment, Human Rights, Human Resources, Business Behaviour, Corporate Governance and Community Involvement. Vigeo's analysis leads to a rating of the performance of the company in each of these areas. 2006 results Renault is ranked as an active performer in five areas out of six. The agency does not award overall scores. This result means that Renault maintains its position in the ASPI index, which includes the 120 best performing listed companies in the Euro zone according to Vigeo's own ratings.

These results take Renault to heights of expectation in the minds of an Indian customer. The consumer world expects a high quality sedan at a low price. Q2. What are the promising signs that Renault has to give the Indian customers? Improving quality Objective

- Position New Laguna among the Top 3 in its segment in terms of product and service quality
- Accelerate the progress on each model of the range, worldwide Opportunities

Quality is a key element in the Group's strategy. To reinforce this culture of quality, Renault has adopted the Renault Excellence Plan (PER), built around 6 pillars:

- robust design,
- compliant manufacture,
- reinforced reliability for all types of use and satisfaction of all Renault customers,
- quality sales and after sales,
- anchor quality in the corporate culture,
- ensure the quality of parts manufactured by suppliers for international procurement.

Promising signs in 2008-09

- Product quality
- The number of incidents at 3 months was cut by half between 2005 and 2007,
- Warranty costs for Renault (expressed as a percentage of revenues) decreased by 25% between 2005 and 2007
- The number of defects at the end of the assembly line was divided by 6 between 2005 and 2007,
- Scenic, Modus and Clio III are ranked among the Top 3 in their segments by the German Automobile Club,
- The excellent quality of the Logan has gained international recognition.

It is ranked N°1 in India by 2 different independent organizations. Service quality

- At the end of 2007, 78.4% of customers declared themselves "fully satisfied" with sales and after-sales services (700,000 more around the world compared to 2005),
- A Service Excellence Plan has been developed for New Laguna,
- Renault offers its 3 year/150,000 km warranty\* for the entire

Renault premium range. Increasing profitability Objective Obtain an operating profit margin of 6% in 2009.

Opportunities An ambitious cost reduction program (purchasing, manufacturing, logistics, general and administrative costs, distribution)

- Optimized investments: more efficient spending through the application of best practices based on permanent benchmarking with Nissan and the rest of the industry
- The implementation of cross-functional management, to ensure customer needs are met as closely as possible, around the world.

2007 results with objectives Operating margin: The Group achieved an operating margin of 3.3% at end-2007 against 2.1% in 2006 thanks to:

- cost-reduction efforts: - 9.

- 1% reduction in procurement costs, - 7.3% reduction in logistics costs, - 5.4% reduction in production costs, - 35% optimization of investment costs for new projects.
- optimization programs (which generated 200 million euros of additional operating margin): - development of local integration (for purchasing, production and distribution), - optimization of logistics, - simplification of the product line (40% reduction in the number of models sold in Europe), - better reuse of existing parts (carryover).

2008 outlook The Group pursue its policy of new international product launches and continue its expansion into the most dynamic and growing markets for auto sales. Renault confirms its operating margin target of 4.5% for 2008 (for the first half of the year, it has reached 4.1%). Official Website showing Renault's plans for sustainable development and environmental conscience Q3.



How did changing Indian consumer behaviour help Logan? The changing Indian consumer behaviour did help Logan in several ways. As the distinction between entry-level and upgraded products has disappeared and upgrades are increasingly becoming common and consumers willing to spend more if the value equation is right and with growing individualism the Indian car market is all set to boom so Logan can as well be an entry level as it can be a second car and even one Logan per house of Aspiring and Global Indian can give it somewhere around 42 million households to look at as a potential market. It can be A, B and C segment car representing a combined growth rate of 82% . Not only that, Logan is basically a Diesel car and in India, Diesel is much cheaper as compared to Petrol (the difference is a huge as 30%) and although the difference is coming down but it will continue for at least the next 3-4 years and this is going to positively affect the value equation of Logan. Moreover, the type of people who figure in the list of Global- and Aspiring- Indians and Globizens are more likely to be living in cities and large towns which makes it easy for the company to reach them not only during pre-selling, selling but also during consumption and post consumption stages. Q4. Which segment of the Indian consumer was targeted by the company? The most likely segments that were targeted for Logan were the Global and Aspiring Indian and Globizens.

These segments not only represent a high combined growth rate (more than 80 percent) but are more likely to be concentrated geographically. Having a lot of money to spend on cars and a 22 percent of Globizens are going to purchase a car soon. Some of the biggest Indian and Multinational businesses e. g. Tata Motors, ITC, Godrej and, Reliance have major plans for

exploiting this mass market of ' aspiring India", who lie at the middle of the pyramid, huge and fast growing middle-income segment. In some cases, they have been successful in winning over market share in product categories ranging from cars to breakfast cereals.

This market shaping strategy helps a company in achieving economies of scale and further helps it to create even bigger profits in the future. But in doing so, some companies have failed also, in attempting to make money in a geographically huge and dispersed market with consumer demanding high value at low prices. To be a winner in this segment, Mahindra Renault will have to understand its needs and tailoring products and pricing to the budgets and tastes of these consumers. This strategy has worked for Unilever's Lifebuoy, Nokia 1100 mobile phone, Samsung washing machines and microwave oven.... The opportunity lies at the top of the pyramid as well. Companies cater to this small segment of " Global Indian", concentrated in eight big cities in a similar way as they would market to any such customers around the world.

Based on initial imports and sold through a limited distribution network model is low risk and easy to roll out. In many cases, the model was successful with only modest sales and growing at a rate at which the segment grew but misses out on the very point of entering the large Indian market. Therefore, adopting the marketing strategy will be the only thing that will work for Logan. Also, keep in mind that Logan has been designed for emerging markets like India and it comes with a lot of things that are suitable for Indian conditions and the company may not be required to carry

out a large scale adoption plan, besides making Logan accessible to consumer.

To make it economically accessible, a new sort of financing schemes like the one introduced by Toyota, wherein a person going for a second car may not have to sell the car he already has and can avail a loan on that car to make the down payment for the new car he intends to buy. This scheme has done wonders for the sale of Toyota Innova in India. There are already a lot of financing schemes, making finance available at zero interest rate but for a very limited period. Mahindra Renault can think of increasing the time limit for these zero interest loans. For making Logan geographically accessible, the car can piggyback on M distribution network, which is available even in small towns and large villages' considering the type of vehicles and equipments it already sells.

Of course the car cannot be sold along Tractors and Farm equipments but these outlets can be a source of huge information on the decision making process and can initially be used to provide information regarding the vehicle and its availability and also the distribution network of utility vehicles which M is already selling in large numbers can be used to sell cars alongside.

Although Tata Motors set up an entirely new dealer network, distinct from the Tata truck dealers. The idea was that while the utility vehicles like Tata sumo can be sold through commercial dealers, a passenger car buying family man will be very hesitant to enter a truck showroom. But this does not mean that this is the only right way of selling passenger cars. Eureka Forbes created a unique direct selling model to market vacuum cleaners in India.

Ceate Fire appliances tried emulating this model in the late 90s but after a few years could not sustain the momentum. What are the reasons for Logan to be right choice for both the companies to achieve their goals?

There are several reasons for Logan being the right choice. It is an ideally suited product for the Indian market. The market conditions are in favour of this kind of car. The Mahindra Renault alliance is well equipped to launch this car in India.

In short, every market driver is favourable, how the car really did in the Indian market has been seen. Logan is the first sedan from the Indo-French joint venture to be manufactured in M plant in Nasik, Maharashtra. The commercial production of Logan with 50 percent local content commenced in mid 2007. With initial capacity of 50,000 units a year, M shares the press shop and paint shop, while assembly and body shop is new and it is sold through M outlets which currently sells its home-grown sports utility vehicles (SUV's), the Scorpio. M has eight manufacturing facilities spread over 500,000 square meters, 49 sales offices supported by a network of over 780 dealers across the country, extensive IT infrastructure linking the dealer network with the company sales offices.

By doing this, the company is aiming to achieve synergies not only in manufacturing but also in sales and increasing footfalls at dealer outlets. This joint venture has shifted M focus from farm equipment and autos (3-wheelers) that accounts for 70% of group sales. The M brand symbolizes ruggedness, durability, reliability, easy maintenance and economy. As M mainstay has been tractors and rugged utility vehicles a car is important, because M has been absent from the biggest segment of the four wheeler

market, passenger cars for the urban consumer. On the other hand, Renault is reported to be very keen on having a presence in India, which is one of the world's fastest growing emerging markets. Logan has been successful in disrupting this stable pricing pattern and giving customers a new choice in the low end of the market — a roomy sedan for less than \$10, 000.

But making a car with such an ambitious cost targets is what makes it unique. The Logan project is a key part of Renault's highly ambitious expansion plan. The company is targeting four million sales across group by 2010. This goal is possible only with the vigorous expansion in emerging economies, as 80 percent of growth in the car markets will come from these economies. The world's three most lucrative and biggest markets of US, Japan and, Western Europe have saturated with no potential for growth. For fulfilling this expansion plan the company will build new factories in Iran (to manufacture 300, 000 Logans annually), Russia, Morocco, China and, Colombia, accounting for 20 percent of the company's global sales.

Such huge volumes are required to achieve economies of scale so as to keep prices down. The Logan's USP is its low price and value for money; this focus can be extremely effective in generating demand for the car in India. But to meet its aggressive price targets, at least 80 percent of its contents will have to be locally manufactured and the company will have to sell around 36, 000 cars annually to earn its cost of 6 capital. Exposing it to such an investments in a country where it had no experience represented a huge risk. So the next best option was to find a suitable local partner.

Renault and M finally tied up in 2005. This platform driven joint venture will fulfil and has fulfilled almost the 'strategic objectives' of both the companies. Like the Tata Indica, the Renault Logan is built from scratch with one objective of building a low priced car for the emerging markets. The car is a four door, five seater saloon. If its entry price in India is US\$ 9,000, it will be the cheapest midsize car in the country, cheaper than the base version of Maruti Udyog's Esteem, General Motor's Opel Corsa, Ford India's Ikon, and Tata Motors category leader Indigo.

Listed below were aspects relevant to the launch of Logan in India:

**Advantage Design** As Kenneth Melville, Head of Logan's design team has stated that reliable engineering, low cost and easy maintenance are the key features, Logan seems tailor made for the Indian auto market. Design specifications like excellent boot space, high clearance, common platform (B platform) and plans for higher indigenization shall be instrumental for the cars success in the Indian sub-continent.

**Concern Fuel Efficiency** To throw some caution to the wind Renault & Mahindra would need to optimize fuel consumption as mileage (i. e kms. per litre of fuel) is the single most concern of most auto buyers in a developing economy with ever increasing oil prices.

**Third World experience** Past successes in countries that resemble the Indian economic conditions viz. Eastern Europe and other third world countries makes Logan a tried and tested product. Some amount of customization and appropriate positioning would ensure reasonable success for the car.

**Aggressive Pricing** The price conscious Indian consumer looking to upgrade from a hatch back would be attracted to an aggressively priced Logan. The price-point of launch would be a key determinant to the opening bookings

the car would attract. It faces tough competition from well-entrenched players like Tata, Ford, Hyundai, Maruti and Opel and would need to use financial and throw in some accessories to penetrate the market.

Shifting Demographics Growth in GDP leading to increase in consumer affluence would lead to higher spending on travel and various other luxuries thus increasing the value of the auto market in the country. The distinct shift of auto consumers towards sedans as is evident from higher growth rate in the B & C segment (exhibit 11) further corroborates the decision to launch Logan in the Indian Market Q6. What are the advantages for Renault in India as a partner of M ? Renault's advantages in India as a partner of M are: a. The Logan factory at Nashik - one of Renault's benchmark new international production facilities Logan is being produced at Mahindra's Nashik plant, 180km northwest of Mumbai in the state of Maharashtra. It is the first site worldwide to produce right-hand drive versions of Logan.

Investment made at the plant ensured that the layout of the plant was modified to incorporate the Logan production facilities. The Logan plant at Nashik has 4 main workshops: stamping of body panel, body-in-white, where the body panels are welded together; the paint shop; and final assembly. The plant's production rate will be set at 12 vehicles per hour. A dedicated Logan body shop building of 12, 000m<sup>2</sup>, including a logistics area has been built on a vacant area and connected to the central conveyor system of the already existing plant.

The facilities include unit assembly, main line, metal finishing line, and three roller hemming robot cells for doors. The press shop and paint shop are

shared facilities between the Logan and Scorpio production lines. Paint shop facilities have been converted to provide an under body sealing line dedicated to Logan, has been inserted in the flow of production; a dedicated wax line has also been erected. The trim, chassis & final assembly process dedicated to Logan has been implemented in a fully redesigned building, a total area of 18, 000m<sup>2</sup> with 6, 000m<sup>2</sup> newly constructed and 12, 000m<sup>2</sup> renovated. Facilities include PBS - painted body storage for 36 vehicles - trim line, engine assembly, roller benches, final line, a quality check area, final control for signature in white and a dispatch yard. All shop floors are connected through a central conveyor of approx 4 kms that carries all Nashik produced bodies, painted bodies and vehicles from shop to shop.

The Logan project at Nashik was managed through a joint Renault & Mahindra Team. 20 Renault Project Engineers were stationed at Nashik during 9 months in different departments, (press hop, body shop, paint shop, trim and chassis and quality) in order to install and tune the manufacturing equipment. Since Manufacturing Approval has been given, the team has handed over the plant to the Engineering Plant Vehicle Team, headed by a Renault Senior Engineer. b.

Renault Production Way Like all Renault group factories, the Nashik Logan plant deploys the Renault Production Way (known by the French acronym SPR), which provides extremely precise definitions of the organization and industrial procedures. SPR identifies the Alliance's best industrial practices and formalizes them to facilitate sharing throughout the Group; it also strives to achieve continuous improvement in these standards. Several levels of quality control are built into the SPR. Each operator inspects his own work.



In addition, an expert is appointed for each workshop to check the quality of the outgoing subassemblies. At the end of the line, the water-tightness of each vehicle is systematically checked, along with all its electrical and mechanical functions. Each vehicle is then tested on a roller bench and a short test circuit, to validate the quality of final assembly. c. High level of local supplier involvement Quality is also a central issue in Renault's relations with its suppliers. Improvement plans were defined in collaboration with Indian suppliers, and progress is closely monitored by Mahindra Renault's experts.

Local content accounts for around 50% of the bought out parts; action plans are being deployed to gradually increase that proportion to 60%. d.

Employment & training The Nashik plant currently employs 3, 500 people, 1, 100 of whom are in production positions dedicated to the Logan project. A complete and accurate training program was implemented at the beginning of this project. After recruitment, new operators followed cultural training to learn about Mahindra, Renault and the Logan project.

This was followed by a dexterity training program under the Renault Production Way (SPR) procedure, then Body & Vehicle Model training programme to perform - I DO - WE DO - YOU DO - operations. Operators were then evaluated on performance based on which only those who achieved a grade L3 or upwards were allowed to work on the vehicle assembly line. The best operators were identified as Senior Operators and have visited the Dacia - Romania Plant in Pitesti to see the Logan lines running. They came back to Nashik having learnt about project and plant

management in order to implement the same level of performance & quality as seen at Pitesti.

By the end of March 2007, 1. 65 million hours of training had been provided to 1, 000 of the plant's operators. The plant is conducting an intensive recruitment drive to hire production workers, technicians, storekeepers and fork-lift operators in order to meet the staffing needs of production operations. A total of 500 new employees, including 350 production workers, were hired for the Logan project in the course of 2006. These all conclude that: Renault's industrial partnership with Mahindra has already reaped rewards for both partners.

Renault has learnt a lot from its Indian colleagues. Their professionalism and frugal approach to the business meets with Renault's search for profitability. The synergies between the partners not only mean that they can bring products to their Indian customers that they will want to buy, but also show how Renault can leverage these synergies across its business. Equally, Renault has brought expertise in quality, engineering and purchasing which will positively contribute to Mahindra's business and more widely to the automotive business in India, lending it a new energy as India comes to the fore as an economic power for the 21st century. Q7.

What are the problems in M entering passenger car segment? What are the problems that Renault's Logan faced in India? Indian consumers are very price conscious. Moreover, M has till recently been associated with a particular type of MUV's (sturdy, Diesel powered, suitable for rural roads, more suitable for commercial rather than family purposes), and tractors.

Although, M Scorpio has changed this perception a bit, but still the original perception sticks as Scorpio is again considered one of the same like.

Currently, M is market leader in some of these vehicles. The problem is that the whole value delivery process for these vehicles is different for passenger cars. Every P in the marketing mix right from colours, interiors, to after sales service, promotion and PR will be different for different types/categories of vehicles sold by M.

M is having a strong positioning as a low cost vehicle manufacturer where consumers are not very much concerned about Ride quality, Looks, Comfort, and Driving pleasure and rather obsessed with the cost of fuel that goes into running the vehicle. Therefore, M faces this formidable task of changing all this by not only emphasizing the cost of running the vehicle but also the other attributes that consumers look for when buying a passenger car, as mentioned above. That means that the company has to change many aspects of its branding and positioning, which has been its Competitive advantage till recently. Moreover, the Brand Identity prism of Mahindra and Logan's product strategy do not strictly match. Low cost and higher benefits of Logan matches with the Brand Identity of M but the problem areas are ease of use and ease of buy. User Image: Rural guy, middle class, and institutional, and Physique: tough, economical, jeep looks, all-terrain, diesel, noisy.

This image and physique will not go with a passenger car especially with the target segment . On top of that this car comes from a French manufacturer. Therefore, the problem relates more to repositioning of the Mahindra as a brand. Q8. What Positioning strategy should Mahindra Renault pursue for

Logan? M faces this formidable task of changing its positioning, the source of its competitive differentiation till now.

It has to go through this process very carefully. This already formidable task becomes all the more complex with a French Joint Venture (JV) partner.

Dealing with a JV partner is in itself an issue. The partner coming from France makes the JV management more difficult, because there are not many French companies operating in a significant joint venture in India, especially in this segment of products, and Indians have not only the problems in understanding the meaning of the various terms but also in pronouncing French names (L' Oreal was pronounced in a variety of ways until the company made a model pronounce it on a TV Campaign).

Therefore, country of origin effects can not be used by the JV to any of its advantage, as has been done by Japanese, German, and American companies. The stereo type image of France in India is that of association with high fashion, and high fashion is associated with luxury, which in turn signifies high price.

Therefore, M has to balance two positioning at two opposite ends of the spectrum. Its own image being on one extreme and Renault's on the other extreme. How far M is able to do this, still remains to be seen. But one thing which M should not try to do is to bring the two opposing positioning on a common platform, which would be disastrous.

Based on the international pricing of Logan there is not much doubt that it will be B segment car in India. So, M has to concentrate on its positioning and the value delivery process. As is clear from the case, with the

competition moving from bad to worse, M has not much time and flexibility in doing that. Conclusion From the above analysis it is clear that the main issue facing M is positioning. Once the Positioning is clear, marketing mix can be designed accordingly. My suggestion is that Logan should be positioned as an Indian car.

Its parentage should not be highlighted too much because firstly, with France will come high fashion, luxury, and high price connection, which does not go well with M current image and secondly, Renault as an automobile manufacture is not well known in India. This will not hurt the existing positioning of M. And it would not be difficult for M to pursue this strategy because M already does not use Umbrella branding in MUV's. All brands are standalone, and M logo although present, takes an obscure corner on the vehicle. This way Logan can be easily assimilated with its current portfolio.

With this in mind, the value delivery process, which M has already mastered, can be fine tuned. The product can be adopted for Indian conditions. Indians are also very particular about after sales. The Logan can be positioned at the higher end of the B Segment extending to lower end of C segment, but should score high on low cost, low maintenance, high mileage and features. This will help M maintain its overall value proposition.

The focus should be to maximise total customer value, with special attention to Customer Perceived Value. There are two options available with M are 1. to increase total customer value, or 2. to decrease total customer cost The former means augmenting the offer's product, service, image, and personnel benefits. The latter calls for reducing the buyer's cost, by reducing the price,

simplifying ordering, delivery, and after sales service etc, or absorbing some of the buyer's risk by way of offering a guarantee. These all are now proved right by the success of Logan in India.