

## **„AUTOMOBILE DACIA” AND COMPETITION ON THE ROMANIAN CAR MARKET, IN TERMS OF GLOBAL CRISIS**

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**Abstract:** “Automobile Dacia” is the only significant car manufacturer residing in Romania, but nonetheless it faces strong competition coming from imported brands. Understanding competitors and motivations that underlie the decision to buy are important factors to base marketing strategies on. The activity of car manufacturing in Romania, no less than that in Europe in general, currently sees restrictions that force both the companies and governments to take action to revive that industry, a component part of the economy with a major impact. To cope with the competition on the car market in Romania, several measures are proposed meant to boost the position of the Dacia brand, and the advantages over the other competitors during a difficult period for the automotive industry in Europe and worldwide. This paper proposes an original method of work so called „the method of successive elimination of the dominant share” out of the calculus of concentration or diversification. The profound changes which have occurred mainly over the current economic crisis, have led to an increase in the degree of uncertainty on the market and its predictions, but are also an stimulus for the company in Mioveni to adopt measures and policies to secure development scenarios focusing on an adequate modern probabilistic thinking coming with solutions fit for the disruptions caused by the crisis of the global economic environment under pressure, to confirm the continuity and success of the brand.

### **1. COMPETITION ON THE ROMANIAN CAR MARKET, A NECESSARY COMPONENT OF THE NATIONAL MARKET ECONOMY**

The automotive industry plays an extremely important role in Romania, very much as in other European and Western countries. The giants of the global automotive industry are present on these markets, with a multitude of products that meet the most variegated and demanding options of economic demand in that field. The dynamics of the automotive market has seen profound transformations in this country. As a result of the transition from a type of centralized economy, completely lacking competitive mechanisms, to a market economy where competition becomes, again, the main motor of progress, the car market in Romania has been accelerated and restructured. After 1990, with the liberalization of the market of Romanian economy as a whole, the range of car makes on the roads representing the internal space. The population has become more informed, more demanding and more attentive to the criteria involved in purchasing a car. Romania's joining the European Union has boosted these trends, and along with the free movement of goods within the Community, it has facilitated the penetration of the Romanian market by a growing number of makes of imported cars, both new and prior-owned. The car market competition has become fierce, leading firms to adopt different strategies for attracting more and more interest from buyers. The financial crisis, subsequently turned global, has emphasized the radicalism of the changes on the global car market in Romania, and competition has assumed increasingly various forms. Some of them border on the spectacular, as is the case of inter-branch competition among the various production units part of the companies. “Battling can get remarkably fierce between these branches, when they face in the same country or area”[4]. A typical example for the Romanian market is supplied by the subsidiary Renault and Automobile Dacia within the group of the same name. “Automobile Dacia”, which is currently the only car producer in Romania, are facing increasingly strong competition from importers, which claims the adoption of an adequate competitive behaviour, with a greater degree of adaptation to new developments on the Romanian car market, characterized by an upward dynamics,

especially after 2000. Until then, the car fleet was made up mainly of domestic produced cars. The ageing car fleet and the fact that Internationally reputed makes entered the Romanian market have changed the requirements materialized in actual purchases.

Competition is the main feature of the market economy. Competition is defined as „the whole set of interaction relationships assumed by the economic actors in the effort to secure supply sources and markets, which makes up the system of competition relations” [1]. In its purely theoretical acceptance, any form of competition „is a specific behaviour of traders, who in order to achieve their aim, i.e. attracting purchasers, enter into relationships of cooperation and confrontation” [3, 7]. The competition relations can be summarized by the whole range of relationships or interaction between the economic agents, both in their dispute over suppliers, meant to ensure resource supplies, outlet customers, aiming to obtain the most favorable conditions, in both getting resources and selling products [5]. Competition manifests itself through the interested conducts of certain ownership subjects, who, in order to reach their objectives, enter into distinct relationships – of either cooperation, or confrontation – with one another. Competition is the expression of free enterprise, and, in practice, it has a higher or lower degree of imperfection. The existence of a competitive environment as close as possible to the perfectly atomized market is important in the development of national and international corporations. Competition generally discharges a wide range of economic functions [2]:

- it stimulates overall progress and incites innovation and creativity, thereby increasing efficiency, saving resources, better meeting specific needs;
- it distinguishes between the economic actors, clearly favoring those with a high degree of creativity, namely those that prove superior skills and entrepreneurship qualities; competition eliminates or redirects conservative agents and ensures healthy economic life;
- it brings about differentiation and diversification of supply, cost and price reductions;
- it allows the buyer to find the supplier with goods of the highest quality and at the best price, and stimulates or coerces manufacturers to identify solutions to expand the market;
- when lacking regulations or monitoring, competition can turn into its opposite, resulting in waste of resources.

The atomization process of the automotive market in Romania is expanding, being far from completion, or homogenization through the diversity of supply.

One can notice an ever-increasing competition caused by the more and more intense presence of the foreign firms with an extensive experience in the car field. The capacity of the domestic market has increased considerably, but it has also been restructured in terms of quality, significantly in fuel consumption and prices, under the impact of the crisis, which resulted in an increase in its attractiveness. The multiplication of the brands and their enhanced influence in the country is proved by the fast growing number of foreign firms that have opened representation offices in various cities in Romania.

## **2.CLASSIFICATION AND TYPES OF COMPETITION ON THE AUTOMOTIVE MARKET**

The competitors who act on that market are ordered according to several criteria.

1. In accordance with the perception of the manufacturer, Automobile Dacia, and that of the consumer, the following classes can be distinguished:

- visible competitors, i.e. those companies selling automobiles through own retail shops and show rooms, and which are the main suppliers of new cars and, to a lesser extent, prior-owned cars;
- invisible competitors, people who sell cars that are often prior-owned, purchased directly from other countries, and resold on the domestic market at a high profit.

2. In keeping with the decisive time impact of the presence of these competitors, the following can be noticed:

- the current market competitors, consisting of all importing firms;
- the potential competitors, those competitors which, in the future, will compete directly with Automobile Dacia. There is only one major potential competitor brand, namely Ford Romania, which is to produce small capacity cars, limiting the scope of competition.

3. Analyzing the product, one can theoretically distinguish direct competitors on the market of four-wheeled transportation means, and indirect competitors in the area covered by the two-wheeled vehicles:

- the direct competitors, those who manufacture similar products, are not currently present on the Romanian market; „Automobile Dacia” is the only car manufacturer, but on the market there are several importing companies that have an important share;
- the indirect competitors are the companies selling small-capacity cars, and those who sell two-wheeled vehicles.

A major competition for the manufacturer „Automobile Dacia”, and also for the importers, is represented by the natural persons and companies that sell imported prior-owned cars, and tend to have an increasingly important share of the Romanian car market.

4. Competitors of the car companies are also divided in the following categories:

- rivalry among older producers on the market;
- emergence of new competitive firms;
- alternative products and / or services.

Given all these forces that influence the competitiveness of an enterprise several levels of competition can be identified, based on the degree of substitution of the product:

1. competition of solutions („Automobile Dacia” compete with all the firms that require a roughly equivalent amount out of the purchasers’ incomes);
2. generic competition („Automobile Dacia” are competing with all the firms that provide products and / or services designed to meet the same need);
3. competition of products (Automobile Dacia consider as competitors all the other firms providing the same product or product class);
4. competition of car makes („Automobile Dacia” face other firms that provide the same types of consumers with similar products and services, at relatively similar prices);

The increasing number of competitors generates significant effects on the company „Automobile Dacia” as regards the volume of sales, the market share, the profits, the image organization, as well as the customers’ expectations and satisfaction, which requires careful firm management decisions and marketing policies.

## **2.1 DIRECT COMPETITION**

Direct competition is generated by those firms producing relatively similar products as far as:

- brand is concerned (the same types of cars meant to meet the same needs),
- in point of the industrial activity class level (similar products variously satisfying different needs).

The classical types of competitors are leaders, co-leaders, challengers, nation-wide competitors, regional or local competitors, the basic people in competing organizations, sources of competition, etc.

The profile of the competitors can be determined by using a specifically targeted questionnaire:

- questionnaire for the analysis of overall competition,

- questionnaire concerning the profile of the individual competitor.

To assess direct competition, the following elements are analyzed:

- the structure of competition (figure, turnover, and market share of the competition),
- the critical factors of success: innovation, product range, price, distribution.
- products or brands that compete with cars made in Mioveni;
- for each competitor the following shall be considered: market share, turnover, size of product range, selling force, advertising budget, image.

Sometimes obtaining this information is quite difficult if both direct and indirect sources (on-line documentation) are used.

## **2.2 INDIRECT COMPETITION**

Indirect competition refers to those relationships established between companies and importers who compete to sell different products that address different needs, or even the same needs of the potential car buyers. Indirect competition is analyzed by: a) the nature of the differences between substitutable products that meet identical needs, but are the result of different technologies, b) market size (volume, value) for substitution, c) strengths of the product over the substitutable products; d) weaknesses of the product over the substitutable products; e) trends in environment favouring the substitutable products; f) environmental trends that favor the company's products; g) competitive position, h) determining the company's business segments; i) the value of the firm's market share; j) amount of the firm's market share. Despite their great variety, the means and instruments that concern the relationships of competition can be delineated around the four pillars of marketing policy: product, price, promotion and distribution. Depending on the specific objectives and the concrete market conditions, competitors address either one of the specific market elements, or a combination of them (Balaure et alii, 2002, p. 108)

## **3. THE MAIN COMPETITORS ON THE ROMANIAN MARKET**

### **3.1 IDENTIFICATION OF MAIN COMPETITORS**

To identify the main competitors one must start from the premise that the the most potent competitors should be identified:

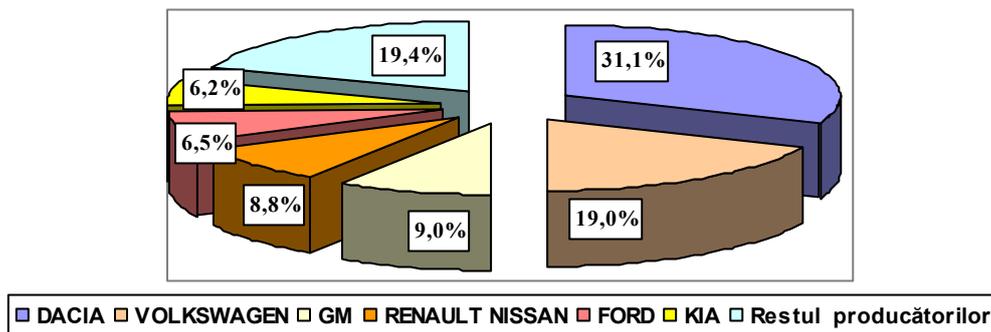
- those who market better or improved products (services) at a price (tariff) similar to that of the products (services) available;
- those who use cross support and promotion (covering the costs, the possible losses on the markets they want to penetrate from the profits on the other markets);

The main competitors fall within the sphere of the European companies, especially from the German economy (which contradicted the general trends through their quality and durability, even through the principles of classic elasticity of demand, according to price, obviously up to a certain threshold of change); these cars still enjoy the full confidence of the potential buyers.

### **3.2 EXISTING COMPETITORS**

On the Romanian market there are, alongside the products of the Dacia company, European firms, but also American, Japanese and, to a lesser extent, Korean, Russian, etc. firms. The fact is notable that on this market there are also prior-owned cars of various models and makes, which in some periods have exceeded the share of the sales of new vehicles. Conspicuous on the Romanian market are, besides the local car manufacturers, a rowing number of foreign producers. Domestic producers cover only part of the range of classes. The main domestic car manufacturer is „Automobile Dacia”, producing class C average compact models (Logan and Sandero) and Class L minivan (MCV), and, more recently, the all-terrain model Duster. Automobile Craiova produced until recently models

belonging to class C average compact models (Cielo, Espero, Nubira, Leganza), when the two companies were in direct competition. They also produced models of Class A mini (Tico and Matiz). To these are added in the imported cars belonging to the same class, and other models of adjacent classes. The major competitors of the company „Automobile Dacia” still remain: a) European firms: RENAULT, PEUGEOT, OPEL, MERCEDES, AUDI, VOLVO, FIAT, SKODA, b) Japanese companies: Toyota, Nissan, Hyundai, Suzuki, c) American companies: Crysler, Ford, GMC, d) companies in Asia, especially South Korea and China. Analyzing the market share held by each of them, after confrontation with that of the market leader, as defined in the figure no. 1 by Dacia, the first five challengers (competitors with market shares above 5%), a relatively narrow polarization can be found of the first two runners and a seemingly calm market they hold.



**Figure no. 1. Competitors with a market share above 5%**  
 Data source: [www.drpciv.ro](http://www.drpciv.ro)

„Automobile Dacia”, alongside of the top five already mentioned brands, hold a market share exceeding 80%, thus reaching a Paretian description optimum. „Automobile Dacia” is identified as the leader of the Romanian market through its market share of 31.1%, followed by Volkswagen with a market share of 19.0%, General Motors with 9.0%, Renault Nissan with 8.8%, Ford with 6.5%, and KIA with 6.2%, and a relative atomization of the others, generically transformed, by their ranking, from challengers into outsiders.

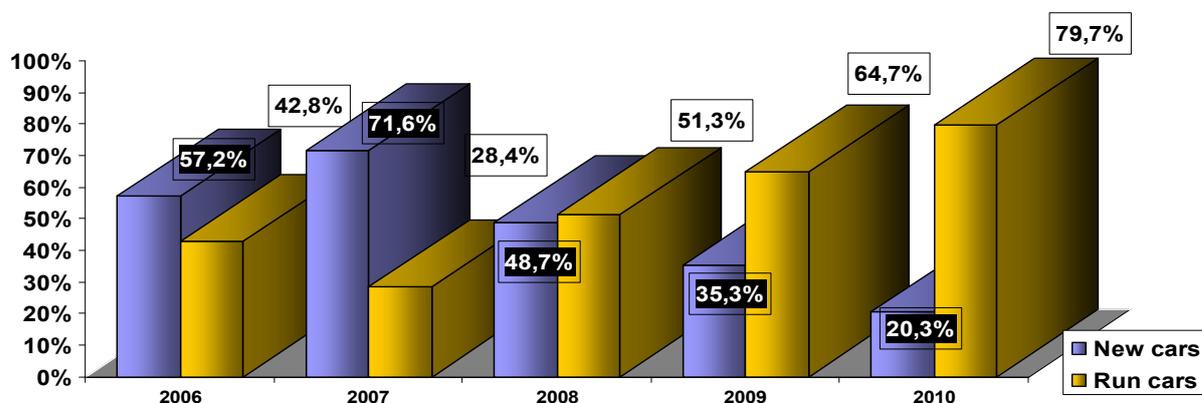
### 3.3 POTENTIAL COMPETITORS

The potential competitor is Ford, the company that took over the former Automobile Craiova, which currently produces vans and light trucks for goods transportation, and, in the near future, small oil consumption cars as well. Even if the Chinese firms are not an immediate threat, they are on the list of the potential competitors; they wish to enter the European market with low cost models that address the same customer segment as those produced by „Automobile Dacia”. Also, competing firms coming from India have started making some very cheap models that could be exported to certain markets where „Automobile Dacia” is already present.

### 4. SPECIFICITY OF COMPETITION ON THE ROMANIAN MARKET

Mainly European brands are to be found on the Romanian market. The reason for this is Romania’s EU membership, which, through the free free movement of goods, facilitates the imports of cars into this geographical area. A specific feature of car market is that, in this area, both new and prior-owned cars are traded. Manufacturing companies face a special situation on the one hand because of the other companies on the market, and on the other hand on account of their own products previously sold to customers in the European Union, and which have, on the Romanian market, a considerable share. In

2009, the weight of imported car registrations reached a market share of over 64%, as shown in figure no 2. The situation has begun to deteriorate since 2008.



**Figure no. 2. The proportion of registrations of new cars and prior-owned cars, from 2006 to 2009 and in the first two months of the year 2010**

Data source: <http://www.drpciv.mai.gov.ro/>

In 2007 less than 30% of all registered cars were prior-owned. In the following years, 2008 and 2009, the share of the prior-owned cars registered exceeded that of the new ones. In spite of the state government's efforts to renew Romanian car fleet, these measures were in part neutralized by the massive imports of prior-owned cars, brought especially from the European Union. 2010 emits even more alarming signals in that regard, but the long-awaited-for program of renewing the fleet could offset that unfavourable trend.

#### 4.1. COMPETITION ON THE NEW CAR MARKET

In 2009, nearly 40 brands of cars were present on the domestic market, out of which 15 had a market share above 1%, covering 97.8% of the entire market, as they appear:

**Table no. 1. Market share of major competitors on the Romanian car market**

No.	Auto group ( Brand )	2009						
		Number	Share market $g_i(\%)$	No leader * and challenger** $g_j(\%)$		$[g_i]^2$	No leader* $[g_i]^2$	No leader*and challenger** $[g_j]^2$
1	DACIA	36069	31,1	*	**	0,096721	*	**
2	VOLKSWAGEN	22000	19,0	27,5	**	0,036100	0,075625	**
3	RENAULT NISSAN	10385	9,0	13,0	17,9	0,008100	0,016900	0,032041
4	GENERAL MOTORS	10202	8,8	12,8	17,6	0,007744	0,016384	0,030976
5	FORD	7595	6,5	9,5	13,1	0,004225	0,009025	0,017161
6	KOREA	7155	6,2	9,0	12,3	0,003844	0,008100	0,015129
7	PSA (Peugeot +Citroen)	5097	4,4	6,4	8,8	0,001936	0,004096	0,007744
8	FIAT	4426	3,8	5,5	7,6	0,001444	0,003025	0,005776
9	TOYOTA	3294	2,8	4,1	5,7	0,000784	0,001681	0,003249
10	SUZUKI	1754	1,5	2,2	3,0	0,000225	0,000484	0,000900
11	DAIMLER	1549	1,3	1,9	2,7	0,000169	0,000361	0,000729
12	MITSUBISHI	1408	1,2	1,8	2,4	0,000144	0,000324	0,000576
13	BMW	1388	1,2	1,7	2,4	0,000144	0,000289	0,000576
14	HONDA	1107	1,0	1,4	1,9	0,000100	0,000196	0,000361
15	Ather auto groups	2583	2,2	3,2	4,6	0,000484	0,001024	0,002116
TOTAL - number -		116012	116012	79943	57943	0,162164	0,137514	0,117334
TOTAL - %-			100,0	100,0	100,0			

Data source: <http://www.drpciv.ro>

The year 2009 was deeply affected by the financial crisis, which led to a major contraction of the automotive market in Romania, but the program of taking over the old cars worked properly. In 2010, the signals are not any better good, which makes the achievements of the first two months (pending legal regulation and effective implementation of the program of taking over the old cars), and also forecasts for the first quarter to be pessimistic. However, the Romanian car market remains one of the largest in Central and Eastern Europe, which explains the presence and interest of competitors in relation to this market. The tastes of the buyers are are very different, and yet the German makes are by far the most widely favoured by Romanian customers. As shown in Table no. 2, the brand that was in the largest demand over the first two months of the year 2010 became VOLKSWAGEN, followed at a distance by Dacia and Ford, as the mechanism of taking over old cars was not implemented.

**Table no. 2. The market share of the main prior-owned car brands on the Romanian car market.**

No.	Auto group ( Brand )	The first 2 months of 2010 combined						
		Number	Share market g <sub>i</sub> (%)	No leader * and challenger** g <sub>j</sub> (%)		[g <sub>i</sub> ] <sup>2</sup>	No leader* [g <sub>j</sub> ] <sup>2</sup>	No leader*and challenger** [g <sub>j</sub> ] <sup>2</sup>
1	DACIA	735	15,3	21,5	**	0,023409	0,046296	**
2	VOLKSWAGEN	1376	28,7	*	**	0,082369	*	**
3	RENAULT NISSAN	303	6,3	8,9	11,3	0,003969	0,007868	0,012773
4	GENERAL MOTORS	417	8,7	12,2	15,6	0,007569	0,014902	0,024192
5	FORD	628	13,1	18,4	23,4	0,017161	0,033797	0,054869
6	KOREA	153	3,2	4,5	5,7	0,001024	0,002006	0,003257
7	PSA (Peugeot +Citroen)	147	3,1	4,3	5,5	0,000961	0,001852	0,003006
8	FIAT	119	2,5	3,5	4,4	0,000625	0,001214	0,001970
9	TOYOTA	148	3,1	4,3	5,5	0,000961	0,001877	0,003047
10	SUZUKI	108	2,3	3,2	4,0	0,000529	0,001000	0,001623
11	DAIMLER	71	1,5	2,1	2,6	0,000225	0,000432	0,000701
12	MITSUBISHI	53	1,1	1,6	2,0	0,000121	0,000241	0,000391
13	BMW	231	4,8	6,8	8,6	0,002304	0,004573	0,007424
14	HONDA	105	2,2	3,1	3,9	0,000484	0,000945	0,001534
15	Ather auto groups	198	4,1	5,8	7,4	0,001681	0,003360	0,005454
TOTAL - number -		4792	4792	3416	2681	0,143392	0,1203606	0,1202418
TOTAL - % -			100,0	100,0	100			

*Data source: <http://www.drpciv.ro>*

#### 4.2 A NEW METHOD OF ANALYSIS OF THE INTENSITY OF COMPETITION

To analyze the intensity of competition a relatively wide range of statistical indicators can be used. The most commonly invoked are the Gini-Struk coefficient of concentration, and the Hirschman-Herfindhal index (HH). This paper proposes an original method of work called „the method of successive elimination of the dominant share” out of the calculus of concentration or diversification. The logic of this method is the delimitation of the competition with a positive impact in the market, through successive eliminations, up to its decreasing below the threshold of 0.25, a threshold indicating a competitive market without a clear leader (an apparently steady market in point of hierarchy, dominated by the processes of diversification, and not by concentration processes). The data used in calculation were detailed, being taken from Tables no. 1 and 2, where the car sales structure was presented for the main groups on the Romanian market, overall, with no leader, that is to say with no leader and no main challenger. The calculus formula for the

Hirschman-Herfindhal index is:  $HH = \sum_{i=1}^n g_i^2$ , where n is the number of competitors on the market and is the non-percentage share of the competitors „i” on the total market.

- when HH tends to  $1 / N$  (minimum), competition on the market considered is more balanced (positive and intense as an impact),
- when HH tends to 1 (maximum), competition on the market considered is less balanced (less intense and negative as an impact).

The analysis proposed by the new method of successive assessment, through eliminating the market leader and later their principal challenger, briefly called „method of successive elimination of the dominant share”, reflects a polarized market in the year 2009, as the following table shows, but evincing structural trends of diversification and having a final favorable impact on the market:

**Table no. 3. The successive eliminations method, indicating a competitive market**

Year / Recent period available	2009			The first 2 months of 2010 combined		
	HH[g <sub>i</sub> ] <sup>2</sup>	without leader * HH[g <sub>i</sub> ] <sup>2</sup>	without leader* or challenger** HH [g <sub>i</sub> ] <sup>2</sup>	HHS[g <sub>i</sub> ] <sup>2</sup>	without leader * HH[g <sub>i</sub> ] <sup>2</sup>	without leader* or challenger ** HH [g <sub>i</sub> ] <sup>2</sup>
$HH = \sum_{i=1}^n g_i^2$	0,162164	0,137514	0,117334	0,143392	0,120361	0,120242

, i.e. a market that appears stationary in point of hierarchy, dominated by processes of diversification rather than concentration, much more pronounced in turning to account the Gini-Struck concentration-diversity coefficient. Considered as the most relevant tool for analysing concentration-diversification, the Gini-Struk index offers a higher accuracy, within the proposed method as well. Its theoretical values fall into the range of values from „0” – meaning maximum diversification (in terms of practically non-existent concentration) and „1” – which identifies a maximum concentration (against the background of a non-existent process of diversification). The formula for calculating the Gini-Struk coefficient is

corrected so as to have much clearer boundaries, as could be noted:  $GS = \sqrt{\frac{n \sum_{i=1}^n g_i^2 - 1}{n - 1}}$ ,

where n is the number of market competitors, and g (%) – the non-percentage share of competitors “i” from the total market. The signification of its results is as follows:

- when GS tends to 0, concentration is lower, and competition is more balanced (intense),
- when GS tends to 1, concentration is higher, and competition is less balanced (intense).

In this case, three successive values are determined of the indicator that shows a relatively high intensity of competition on the local automotive market (0.32 in 2009, and 0.29 over the first 2 months of 2010), polarized, but which conceal a diversification trend already obvious in the absence of a leader (GS with no leader = 0.24 to 0.28 in 2009 and 2010) and then excluding the main challenger (GS with no leader and challenger = 0.23 in 2009, and 0.24 in 2010).

**Table no. 4. The successive eliminations method, indicating a competitive market**

Year / Recent period available	2009			The first 2 months of 2010 combined		
Terms of determination	GS[g <sub>ij</sub> ] <sup>2</sup>	without leader * GS[g <sub>ij</sub> ] <sup>2</sup>	without leader* or challenger** GS [g <sub>ij</sub> ] <sup>2</sup>	GS[g <sub>ij</sub> ] <sup>2</sup>	without leader * GS[g <sub>ij</sub> ] <sup>2</sup>	without leader* or challenger ** GS [g <sub>ij</sub> ] <sup>2</sup>
GS coefficient = $\sqrt{\frac{n \sum_{i=1}^n g_i^2 - 1}{n - 1}}$	0,319873	0,275514	0,232994	0,286715	0,239852	0,239587

Beyond the situation generated by the programme of taking over the old cars, the Romanian car market is an apparently stationary market in point of hierarchy dominated by the processes of diversification, and not concentration. One factor that will be taken into account more carefully in future articles devoted to this theme will be the impact of the new model of off-road Duster.

### 4.3 Competition on the market of prior-owned cars

The year 2009 has shown an overwhelming penchant of buyers for prior-owned cars:

**Table no. 5. Top of preference**

No.	Brand	New	Used	Ratio used / new
1	VOLKSWAGEN	9530	59916	6
2	OPEL	6139	48697	8
3	FORD	7175	22435	3
4	BMW	1278	14398	11
5	AUDI	1470	14127	10
6	MERCEDES	1504	6756	4

*Data source: <http://www.drpciv.ro>*

Note that most imported prior-owned cars belong to the Volkswagen brand. Thus, for each such new car 6 other prior-owned cars were registered. First in the preference top, as a multiplier, stands the BMW brand, where for each new car another 11 prior-owned cars were registered, followed by Audi, with a ratio close to 1:10. The explanation for this phenomenon is that of the accessibility for the price of prior-owned cars, to which was added that of reputation, trust in the brand, as buyers with a sense of special identity, compared with other brand owners, particularly those indigenous. As mentioned before, the German brands prevail in this respect over all the other brands. After processing the data available on the website Department Regimen of Driving Licenses and Vehicle Registration of the Ministry of Internal Affairs (D.R.P.C.I.V.) the German brand cars have an overwhelming share of the market (69.8%).

## 5. CONCLUSIONS

The economy goes through profound transformations during the spells of global crisis, and therefore a series of measures must be taken in order to better understand suppliers, consumers, competition, that is all the players that coexist in this space. „In these circumstances managers are forced to look for new methods and tools of integration of the domains of activity through which firms could generate an edge over their competitors, and select the optimal alternatives” [6]. An important, often used tool is the analysis based on matching the strengths and weaknesses of a company in relation to the specific market

competition. Tables no. 6 and 7 present the main strengths and weaknesses of the company „Automobile Dacia”, and those of their competitors.

**Table no. 6. Confrontation of the Dacia brand strengths or fortes with those of the competition**

<b>Automobile Dacia</b>	<b>Competition</b>
The only domestic manufacturer of cars;	Covering all market segments;
Price lower than similar imported cars;	Increased confidence in foreign brands;
Brand reputation;	Extremely varied range of products;
Market share of 32%, well above the next firm;	High reliability;
More affordable price compared to other brands in same class;	Distribution network developed in major cities;
Distribution network covering all areas of the country;	Long guarantee: some brands have 7 years;
Network service well set;	Very rich palette of optional extras;
Providing all types of spare parts and service network, both in the servicing network, and the specialized retail units;	
Very low maintenance costs;	
Own research and testing centres;	
Close link with Renault, and superior capitalization of experience and knowledge gained by the two companies;	
Marketing compartment integrated into that of Renault;	
Skilled specialists;	
Roomy inner space;	
Roomy trunk;	
Reduced fuel consumption;	

Automobile Dacia also shows certain weaknesses, which will have to be soon improve. The still existing fissures in the brand image are listed below by order of importance:

**Table no. 7. Matching the weaknesses or flaws with those of the Dacia brand’s competitors**

<b>Automobile Dacia</b>	<b>Competition</b>
Brand not inspiring too much confidence;	Expensive spare
Optional extras of reduced diversity over whole car range;	Duration of supply cycles is sometimes great;
Relatively narrow product range;	High cost of workmanship regarding service;
Braking systems do not cover the entire technical range;	High price of compulsory insurances;
Relatively low power models with 1.4 MPI engine and 1.5 DCI cars.	Service centres are not always equipped for specific brands.

From the results presented one big advantage of the Dacia brand can be derived, that of the price. The main criterion for buying a car is its price. Romanian buyers, before buying a car, hesitate between an imported prior-owned car having a reputed brand, or a new Dacia car, which however does not inspire great confidence. The distribution and service network data show Dacia as far superior to other brands. As regards technical performance, Dacia is something lower than some imported brands (optional equipment, power, safety systems), but also over other models in terms of inner space and the low maintenance costs. The assortment range is narrower than that of the competition, but that shortcoming is becoming ever smaller as a result of the improved range of products with the SUV Duster, which will appear in March this year, at a price lower than that of similar imported models. ([www.auto.ro](http://www.auto.ro)).

Dacia is among the best-known brands in Romania, however, for all the confidence it enjoys, it is not yet up to its reputation. To maintain their market leadership position, „Automobile Dacia” may act in several directions:

1. Increased confidence of the potential buyers in the cars made at Mioveni, through:
  - a) actions of promotion of the performance of the Dacia cars;
  - b) generalization of the guarantee period to 4 years, and extension to 5 years for the new models;
  - c) production of

limited series with special technical performance; d) customization in keeping with customers' options.

2. Facility of purchase by: a) creating own credit system; b) guaranty by the company of part of the bank loans to customers; c) diversification of lease-purchase methods.

3. customer fidelity schemes: a) by means of discounts for individual customers who buy Dacia products at least for the second time; b) following the granting of prizes or bonuses to Dacia car owners when certain events of the company occur.

4. To stimulate new car sales, with a favorable effect on the fleet's age, to reduce pollution and increase road safety by the central authorities action on the following may be considered: a) restriction of massive importation of prior-owned cars from Europe; b) fiscal reduction (deductions) for first buyers of a new car; c) providing further incentives for fleet car renewal; d) adoption of marketing measures meant to reduce acquisition of imported prior-owned cars.

By extending the range of products, the degree of equipment and with quality becoming better, the Dacia cars reduce the disadvantages separating them from their competitors. The Dacia brand is rapidly growing, it is relatively well appreciated on foreign markets, especially those in Germany and France, which gives added confidence to the buyers on the Romanian market, thus strengthening the competitive position of Dacia against their competitors. However the threats looming in the near future are not to overlook, from those companies that intend to produce models similar to those made by Dacia, and at comparable prices (the most appropriate example is that provided by Ford Craiova).

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