

# **TOTAL COST MANAGEMENT**

***BUILDING RESILIENCE INTO BUSINESS MODEL – OUTLAY AND OUTCOME***

**8<sup>th</sup> Dec 2016**

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**Country CEO and MD – Renault India Operations**



RENAULT INDIA

DEC 2016

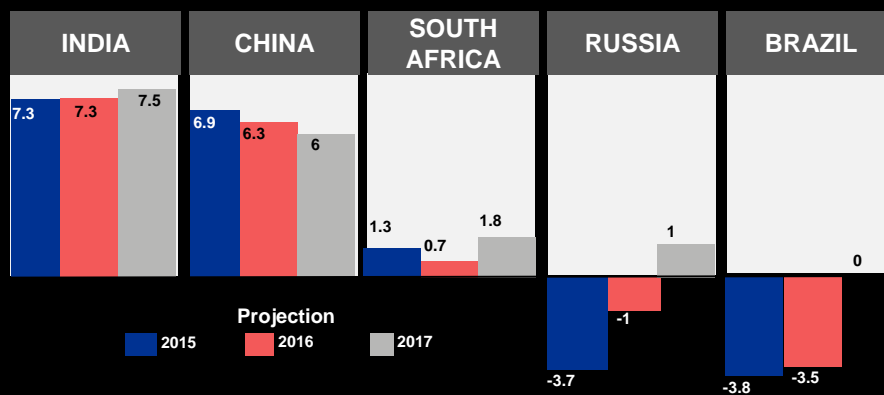
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**GROUPE RENAULT**

## NEW INITIATIVES ARE **TRANSFORMING** INDIA



## INDIA CONTINUES TO SHINE THE BRIC'S PEERS



Source: IMF (2016 India GDP forecast = Avg. of forecast from RBI, Fitch, Morgan Stanley, ICRA and Care ratings post demonetization)

## TECHNOLOGY AND INNOVATION IS TRANSFORMING THE WORLD

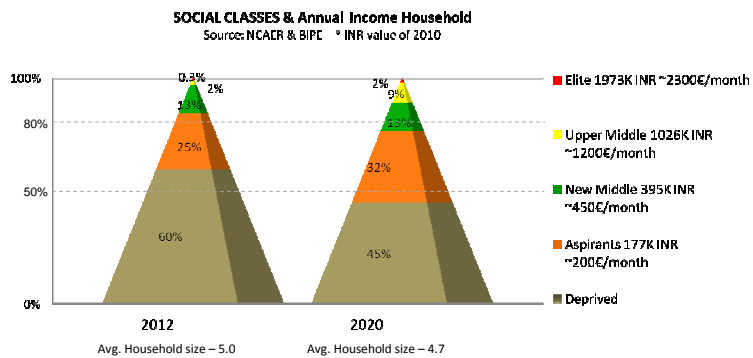


THIS IS CREATING A REVOLUTION....

**“THE CUSTOMER REVOLUTION”**

## Social Structure

# INDIAN CUSTOMER IS HIGHLY VALUE CONSCIOUS AND MORE DEMANDING



Source: BIPE forecast, NCAER

Indian consumers are conservative in their spending habits compared to global peers

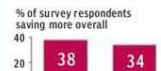
% of survey respondents negotiating prices often



% of survey respondents buying less luxury



% of survey respondents saving more overall



Prices in India for the same product are on average lower by 10-30% vs. other markets after adjusting for PPP

Price Index (adjusted for PPP)

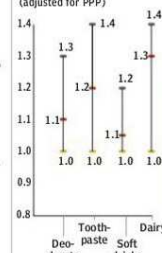


Illustration: Toothpaste

For a common SKU of a popular oral care brand

Price  
India – \$6/kg  
China – \$17/kg  
USA – \$25/kg

After adjusting for PPP,

Price  
India – \$20/kg  
China – \$28/kg  
USA – \$25/kg

Sources: BCG analysis, BCG Global Consumer Sentiment Survey May and June 2013.  
Note: Select brands considered in each category for price comparison: Toothpaste – Colgate Strong Teeth, Deodorants – Adida's Dynamic Pulse, Soft drinks – Diet Pepsi Can  
USD = 65 INR, USD = 6.5 CNY, India PPP conversion factor = 0.3, China PPP conversion factor = 0.6  
Source: CII National Retail Summit, 2016

- Fragmented society - different social classes and perspectives, High inequalities, Gap between the rich and poor is widening
- Middle Class "striving to be in" and demanding Upper Class and Elite "exposed and turned to Global world"
- Indian consumers are more demanding and price sensitive than some of their global peers

**LETS SEE, WHAT IS REQUIRED TO SUCCEED IN  
INDIAN MARKET ...**

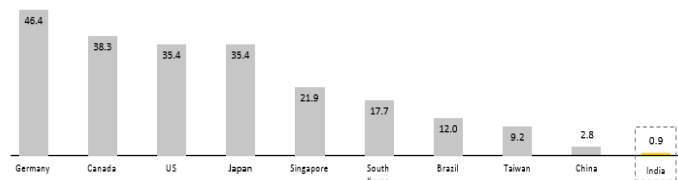
## INDIA OFFERS COMPETITIVE ADVANTAGE TO GLOBAL MANUFACTURERS

### LABOUR COST IS VERY COMPETITIVE, HOWEVER....

...LABOUR COST ALONE CANNOT  
SUSTAIN INDIA'S  
COMPETITIVENESS

TO MAKE INDIA  
A WORLD CLASS  
MANUFACTURING HUB  
NEED TO..

Global wage comparison (cost of labor, US\$ per hour)



Sources: EY-SIAM report: Make in India — Leveraging human capital, National Skill Development Corporation

ENHANCING SUPPLY CHAIN COMPETITIVENESS

FAST-TRACKING INFRASTRUCTURE  
DEVELOPMENT

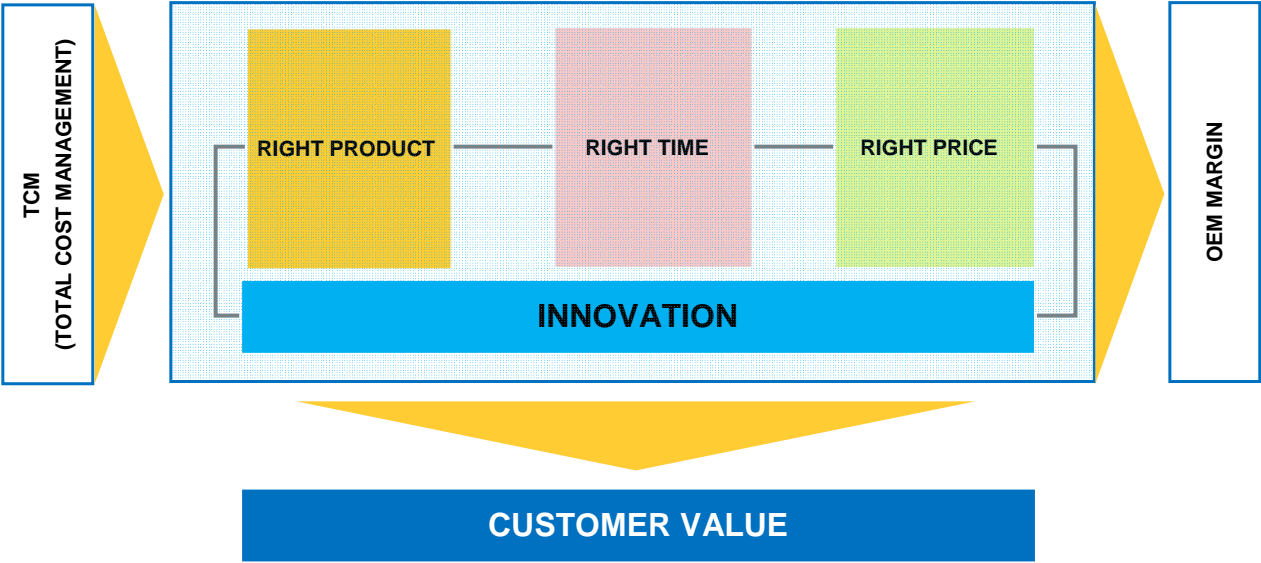
ENABLING REGULATORY ENVIRONMENT

INCUBATING R&D AND INNOVATION

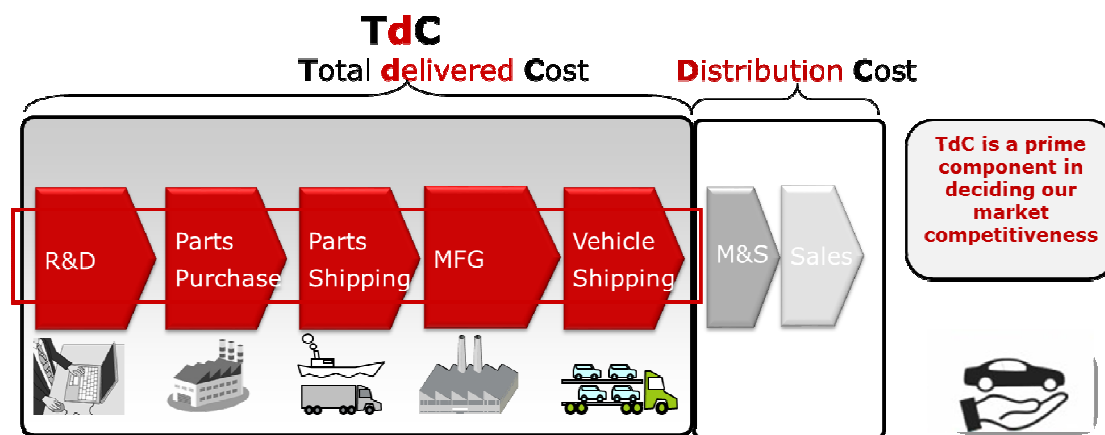
DEVELOPING TALENT AND SKILLS



**CONDITIONS TO SUCCEED IN INDIA**



**TOTAL COST MANAGEMENT : KEY LEVER TO DELIVER VALUE TO CUSTOMER**  
*TO BUILD RESILIENCE INTO BUSINESS MODELS*



HOW TO ACHIEVE THIS ?



**ACROSS VALUE CHAIN**

## INNOVATION ACROSS VALUE CHAIN

Create a Culture in Organization To Challenge Cost and have Real Breakthrough in TCM

INNOVATION IN DESIGN TO COST PROCESS

INNOVATION WITH SUPPLIERS

INNOVATION IN MANUFACTURING

INNOVATION IN LOGISTICS

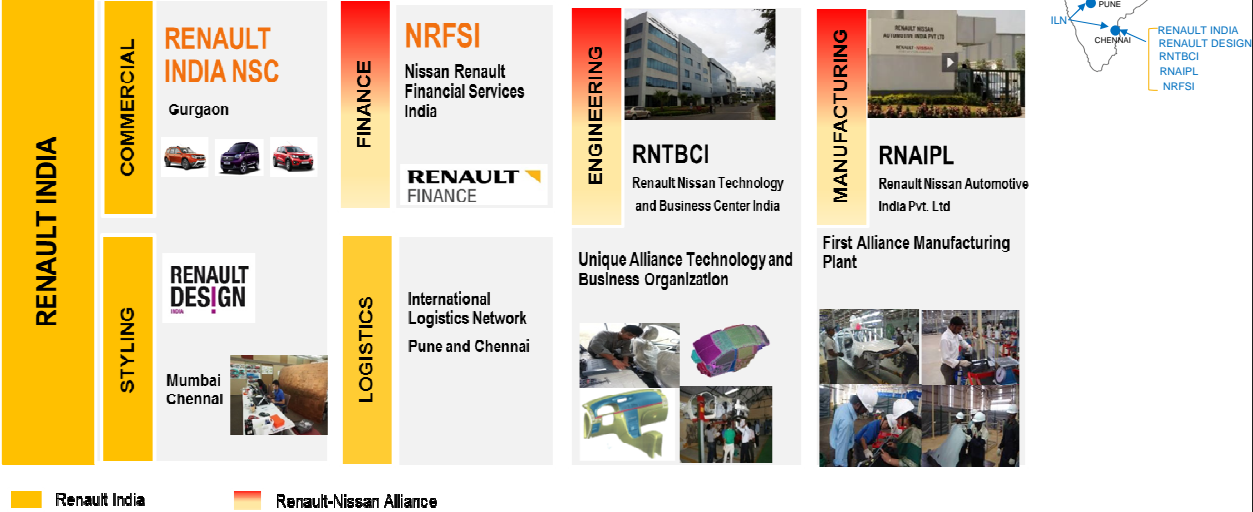
INNOVATION IN SALES & MARKETING  
PROCESS



**RENAULT HAS STRONG COMMITMENT  
TO  
MAKE IN INDIA**

**INVESTMENT PRIORTIZED TO DELIVER  
INNOVATION AND REACTIVITY TO INDIAN MARKET**

RENAULT IN INDIA



## MAKE IN INDIA : RENAULT KWID A GLOBAL CAR



**Make in India: 98% Localization**

**Renault-Nissan Alliance CMF- A Platform**

**Collaboration with Global suppliers based in India  
For Design to Cost**

**360 Degree Innovation Across Value chain**



## GOVERNMENT OF INDIA ACKNOWLEDGES RENAULT'S EFFORTS TOWARDS MAKE IN INDIA



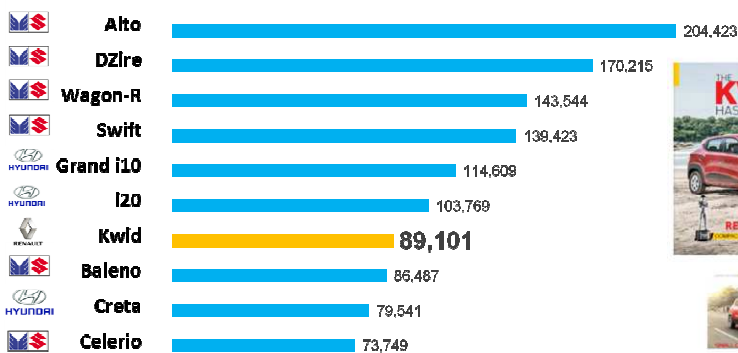
Prime Minister Narendra Modi posted a picture of his visit to the Renault stall along with Prime Ministers of Sweden and Finland on his personal Facebook account





## RENAULT KWID AMONGST TOP 10 CARS IN INDIA

RENAULT THE ONLY BRAND OTHER THAN MARUTI-SUZUKI AND HYUNDAI TO FIGURE IN TOP 10 SELLING CARS IN INDIA



(YTD Oct'16 Sales)



TODAY,  
**RENAULT INDIA**, IS THE **FASTEST GROWING COMPANY**  
IN INDIAN AUTOMOTIVE INDUSTRY

## RENAULT IN INDIA RANKED 6TH OVERALL AND NO.1 EUROPEAN BRAND YTD OCT'16 SALES

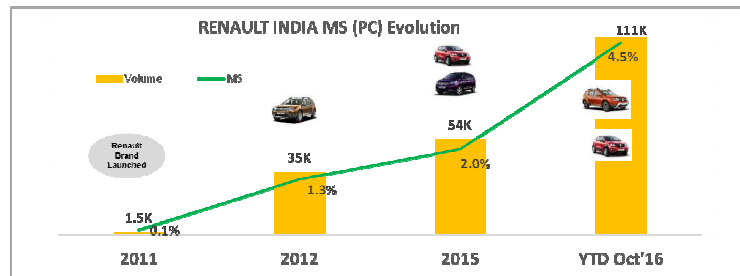
### 2016 RENAULT PROGRESS IN RANKING +2

#### PC MARKET RANKING – Jan to Oct 16

Rk	Brand	Volume	Rank Evol*	MS	Growth
1	Maruti	11,62,364	=	46.9%	8.9%
2	Hyundai	4,20,464	=	17.0%	7.7%
3	Mahindra	2,03,646	=	8.2%	14.8%
4	Honda	1,38,007	=	5.6%	-21.3%
5	Tata	1,19,317	+1	4.8%	-0.3%
6	Renault	1,11,387	+2	4.5%	211.7%
7	Toyota	1,10,093	-2	4.4%	-7.6%
8	Ford	74,018	-1	3.0%	17.5%
9	Nissan+Datsun	46,044	+1	1.9%	30.6%
10	VW	38,961	-1	1.6%	0.8%
11	GM-Chevy	23,121	=	0.9%	-26.5%

Industry Growth YTD Oct'16 = 8.3%

\* Rank Evolution: 2016 YTD vs 2015 FY



**YTD 2016 : Renault India market share 4.5%, > 2X Growth vs'15**  
**From No. 17 in in 2011 to No.6 YTD Oct'16**

## CONCLUSION

BUILD A **CUSTOMER CENTRIC** COMPANY

UNDERSTAND WHAT **CUSTOMERS** WANTS

**CO-CREATE** WITH SUPPLIERS – DESIGN TO COST

**INNOVATE** ACROSS VALUE CHAIN

**LEVERAGE TCM** TO BUILD RESILIENCE IN  
BUSINESS

“Culture eats  
strategy for  
breakfast.”

- Peter F. Drucker