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Since its debut in 2021, the Dacia Spring has revolutionized electric mobility, becoming a top choice for drivers seeking affordable and efficient zero-emission transportation. With over 140,000 units sold worldwide, it has garnered acclaim for its energy efficiency and minimal carbon footprint, earning a prestigious 5-star rating from Green NCAP in 2022. The interior has been designed to maximize space and functionality, ensuring a comfortable driving experience for all occupants.

Designed for practicality and efficiency, the Spring features advanced digital displays and customizable features to meet the diverse needs of drivers. With improved storage capacity and innovative accessory mounts, the Spring offers unparalleled versatility for urban and outdoor adventures alike. Dacia Spring Electric is offered for purchase by individuals, but will also be available as part of car-sharing offers in major cities. Corporate fleets and professionals – via a special Cargo version – are also be able to take advantage of it.

Dacia is the leading car manufacturer in electric car sharing — producing 60% of electric shared cars in Europe, and operating a car sharing service in a partnership with ZITY — the Group is well aware of the requirements for this short-term rental method. It requires a simple, practical and robust vehicle: a bill of specifications that Dacia Spring more than fits!

Built with sustainability in mind, the Spring achieves remarkable energy efficiency through lightweight design and intelligent engineering. Equipped with a compact battery and regenerative braking system, it delivers impressive range and charging capabilities, making it an ideal choice for daily commutes and city driving. Spring is the most affordable electric car on the market. By prioritizing simplicity, practicality, and affordability, Dacia aims to accelerate the transition to electric driving. Recognized for its environmental performance, the Dacia Spring earned a coveted 5-star rating from Green NCAP and was named Best Car Green NCAP 2022. These accolades underscore Dacia's commitment to delivering eco-friendly vehicles without compromising on value or performance. Coming as a real boost to electric mobility, the Spring is the vehicle of choice for 93% of first-time electric vehicle buyers in the retail market. The battery is the smallest in the market, however data collected from the Spring's connected services suggests that on average, customers' daily commutes last under 20 miles and are covered at 16mph, while in 75% of cases, the Spring is charged at home for an average duration of 3.5 hours." The battery can afford to be small, because the car's light, which in turn makes everything else light.

Estimated a price range is EUR15,000 to EUR20,000, though the range is only a relatively modest 200km (120 miles) – in the same ballpark as the Honda e and Mazda's first electric car, the MX-30. Renault makes the Spring at the plant it runs jointly with Dongfeng Motor Group and alliance partner Nissan in the city of Shiyan, where the electric Renault City K-ZE, a Chinese-market version of the Spring, is produced.

Currently, the budget EV sits on Renault Group's CMF-A platform of production. The platform is shared with other cars such as Renault City K-ZE, Dongfeng Aeolus EX1, Dongfeng Fengxing T1, Dongfeng Fengguang E1, and Venucia e30. Dacia decided that it was not worth developing its own electric vehicle since it was able to strike a deal with parent company Renault to sell a version of the [Renault City K-ZE](#). And in spite of its Chinese and Indian market roots, the Dacia Spring is proving surprisingly popular in Europe.

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Dacia, a prominent automotive manufacturer in the European market, has built a reputation for producing practical and budget-friendly vehicles. The company's history dates back to 1966 when it was established as a state-owned enterprise in Romania. Dacia became a subsidiary of the Renault Group in 1999, marking a significant turning point in its history.

Headquartered in Mioveni, Romania, Dacia has become a key part of the Renault Group's global operations. One of the primary reasons for Dacia's cost-effectiveness is its commitment to simplicity. Their cars tend to have a straightforward design and offer essential features, focusing on functionality rather than extravagance. Rather than chasing the bells and whistles that can drive up costs, Dacia focuses on offering the fundamental features that drivers need to navigate daily life. This pragmatic approach enables the company to reduce manufacturing costs and pass on the savings to consumers. In a market saturated with luxurious offerings, Dacia's approach serves as a refreshing alternative for those who value practicality and reliability above all.

However, as Dacia vehicles are designed with affordability in mind, they often come with fewer advanced safety features as standard compared to some competitors. Features such as advanced driver assistance systems, adaptive cruise control, and lane-keeping assist are often optional or not available on lower-trim Dacia models. In particular, Dacia vehicles often receive lower scores in pedestrian protection as they lack advanced safety measures like active pedestrian detection systems. As a result, Dacia has faced scrutiny in the past due to its lower safety ratings. However, it's essential for consumers to carefully consider their priorities and requirements when choosing a vehicle. While Dacia cars may have lower Euro NCAP safety ratings, they can still be a reasonable choice for those who prioritise affordability and practicality.

As the industry continues to evolve, the concept of shared platforms is becoming increasingly prevalent. Manufacturers are recognizing the value of combining their strengths to create vehicles that are both innovative and cost-efficient. Dacia often utilises shared platforms and components from its parent company, Renault. By leveraging economies of scale, Dacia can take advantage of Renault's resources, manufacturing processes, and technology without incurring additional expenses in research and development. This strategy significantly contributes to cost reduction.

With a relentless focus on eliminating waste and optimizing processes, Dacia has not only managed to keep its cars affordable but has also maintained a reputation for delivering vehicles that meet the basic needs of drivers without unnecessary frills. This approach optimises production costs and ensures that every step contributes to the overall affordability of the final product.

Compared to the likes of [Audi](#) and BMW, Dacia maintains a modest marketing and distribution approach, refraining from extravagant advertising campaigns and luxury showrooms. Dacia's marketing strategy revolves around highlighting the value proposition of its vehicles. Dacia relies on straightforward messaging and directness, rather than focusing on luxury or status. Dacia's showrooms also reflect its commitment to simplicity. This simplicity further aids in reducing overhead expenses and contributes to their cars' budget-friendly prices.

The reliability of Dacia cars has been a topic of debate. While some owners report positive experiences with their Dacia vehicles, others have raised concerns about certain mechanical issues

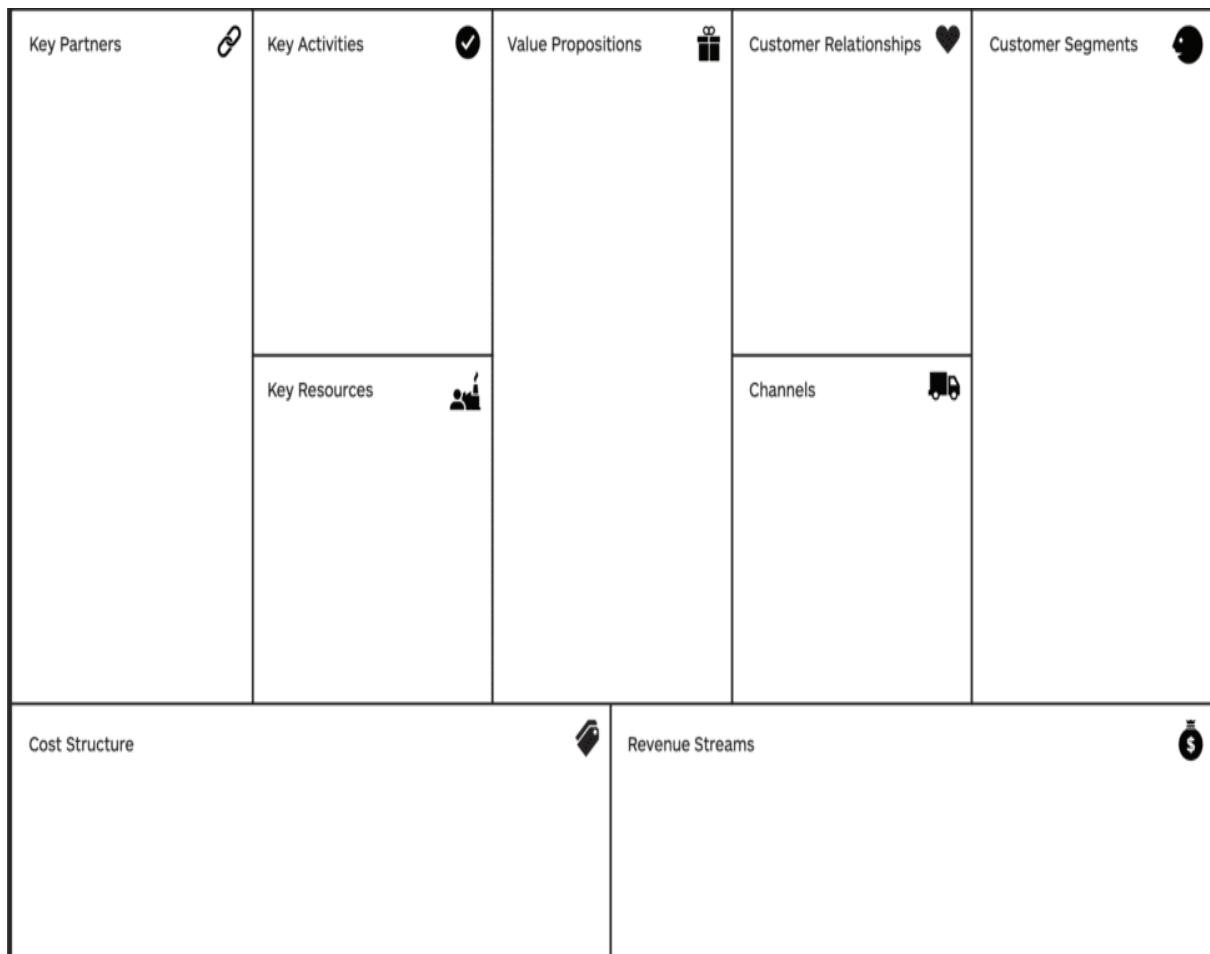
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and build quality. However, the affordability factor often leads to a more forgiving attitude toward minor issues, as long as the car continues to fulfil its primary role of reliable transportation.

Dacia's approach to simplicity extends to its choice of technology and components. Dacia vehicles are often praised for their straightforward and no-frills design. While this can lead to fewer advanced features, it can also mean fewer complex systems prone to failure. Dacia often uses tried-and-true technologies that have been refined over time, potentially contributing to overall reliability.

As well, Dacia cars are designed to be budget-friendly not only in terms of their purchase price but also with regards to maintenance and repairs. Replacement parts are often readily available and reasonably priced.

They are designed to be cheap. The basic model used to come without power steering, without power locks and power windows. It did not have an air condition. Until recently, no automatic transmission was available. Basic Dacias have the smallest list of features in the industry. And they are made out of the cheapest parts available. Dacia is a part of Renault, and they are using outdated Renault technology. This saves a lot of money, because if Renault uses a new generation of engines and leave the old machinery and the old designs to Dacia they can continue to make money with the old engines instead of writing off the old machinery.



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1. What is the competitive strategy of Dacia with the model Spring?

The competitive strategy of Dacia is a low cost strategy based on task specialisation and standardization of components. See **slide 8**.

2. Describe the human resources strategy Dacia should follow in the recruiting process for its plant in China. Should they hire highly skilled or highly specialized workers? Explain why.

Dacia should hire highly specialized workers. Highly specialized workers tend to perform repetitive tasks and therefore receive lower wages. These lower wages contribute to the low cost strategies. See **slide 8**.

3. What has done Dacia to profit from the Learning effect in the competitive strategy of the Dacia Spring?

To benefit from the learning effect Dacia has done two things:

First Dacia is using the same platform as other cars from Renault and Dongfeng, increasing the volume of products produced using the same platform. The high volume of cars produced with the same platform reinforces the learning effect.

Second, Dacia is selling the Spring Model at a low price to boost the demand. Again, low prices increase the demand and therefore the volume of production, which in turn produces strong learning effects. See **slide 11 on Ford case which is very similar to Dacia**.

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4. The document mentions economies of scale. Can you explain the concept? How Dacia strategy is supporting these economies of scale?

Economies of scale imply that the greater the quantity of output produced, the lower the per-unit fixed cost. Low prices and shared components with other cars boost economies of scale. **See slide 15.**

5. Dacia is not only manufacturing cars such as the Dacia Spring, but also delivering services such as car maintenance and repair or car-sharing services through their alliance with Zity. Can you briefly describe three differences between goods and services in terms of the implementation of competitive strategies?

Services have Subjective (Heterogeneity) and inconsistent quality perceptions over time.

Services have stronger information asymmetries (Seller know better the real quality of the product than the buyer). The stronger asymmetries the more relevant the brand strategy.

In Services customer is involved in Process and capacity design, implying low productivity and difficult automation. **See slides 20 and 21.**

6. Please complete the Business Model Canvas for the Dacia Spring

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**Value Proposition:** Rather than chasing the bells and whistles that can drive up costs, Dacia focuses on offering the fundamental features that drivers need to navigate daily life. Car sharing services.

**Key activities:** Manufacturing and Marketing

**Key resources:** CMF-A platform of production.

**Key partners:** Renault, DongFeng and Nissan for manufacturing, Zity for car-sharing services

**Cost structure:** Low fixed costs due to shared platform and technology, and low marketing effort and low variable costs due to location of production in China.

**Customer relationships:** Not recurrent relationships through the showrooms for cars buyers (these buyer buy a car only once in a while), and recurrent relationships with car-sharing customers through Zity (each buyer would likely hire Zity cars several times over the year).

**Customer segments:** Individuals willing to buy cheap electric cars, Individuals willing to rent an electric car through Zity, Professionals and corporations through the Cargo version, Car-sharing companies other than Zity.

**Channels:** Dacia has its own distribution channel (showrooms) to sell cars but also counts on Zity's to distribute services.

**Revenue Streams:** Revenues come from selling cars and from car-sharing services.