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PEUGEOT'S REPOSITIONING

HOW TO CHANGE PEOPLE'S ENGAGEMENT
TOWARDS AN AUTOMOBILE BRAND



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MARKETING CASE STUDY

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ABSTRACT

Title: Peugeot's Repositioning – How to change people's engagement towards an automobile brand

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Peugeot, acting in the automobile sector, represents about 9,5% of the Portuguese passengers car market. This market is characterized by representing risky and planned acquisitions and usually with many influencers throughout the buying process in order to lower the risk to the buyer.

In 2013, after the verified crisis in the automobile sector in terms of sales, the group was conducted to a new strategy – 'Back In The Race' – described by a repositioning of the already existing brands – Citroen and Peugeot – and the separation to an independent brand – DS. This strategy regards Peugeot as the premium generalist brand of the group and Citroen as the pure generalist one, the most affordable brand.

In order to illustrate this Peugeot's new strategy, some actions had to be thought to communicate it. So, some ideas were discussed to understand what was the best solution to implement, and engage people.

Keywords: Automobile market, concept store, moving up-market strategy, new competitors, passengers' car market, repositioning.

RESUMO

Título: Reposicionamento da Peugeot – Como mudar a relação das pessoas com uma marca automóvel

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A Peugeot, marca que atua no sector automóvel, representa cerca de 9,5% do mercado de ligeiros de passageiros no mercado Português. Este é o um mercado que se caracteriza por representar compras de alto risco, compras planeadas e normalmente com um grande número de influenciadores para que o risco da compra seja o menor possível para o comprador.

No ano de 2013, já depois de ultrapassada uma das piores eras em termos de vendas no setor automóvel, o Grupo foi conduzido para uma nova estratégia – 'Back In The Race' – que se caracteriza pelo reposicionamento das marcas já existentes do grupo – Citroen e Peugeot – e a separação para marca independente da marca DS. Este reposicionamento visa a Peugeot a ser a marca generalista do grupo e a Citroen a 'marca de entrada' do grupo, percebida como a marca mais acessível.

Para ilustrar esta estratégia de reposicionamento da Peugeot, algumas ações de marketing tiveram que ser pensadas para ser comunicada. Como tal, algumas ações foram discutidas para se saber qual seria a mais eficaz e diferenciadora, de forma a envolver os consumidores com a marca.

Palavras-chave: Concept store, estratégia up-market, reposicionamento, mercado automóvel, mercado de automóveis ligeiros de passageiros, novos concorrentes.

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CASE STUDY

Introduction

Waiting in Lisbon's International Airport for the flight to London, the Marketing Director of Peugeot Portugal, Nuno Marques, was thinking about the last meeting he had in Paris with the International Board where the new Peugeot's global repositioning strategy, aligned with the Group's strategy 'Back In The Race', was discussed and disclosed. Is not such an easy task to change the customers' perceptions of a global and very established brand in the automobile industry but the decision was taken. All the Marketing Directors as well as each CEO of each country have to develop a very strong strategy to communicate a new positioning.

The market was recovering from one the most difficult periods in the industry's history and this global decision could represent an important role for the company, despite rising above the market growth by the end of 2013, with 12% growth against 11,1% of the market (ACAP, Vendas de Ligeiros e Pesados 2000-2014 2014).

Two weeks after the big decision, Nuno was on his way to present the proposals regarding Peugeot's repositioning strategy for the Portuguese market. During these two weeks several meetings took place in the Portuguese headquarters, in Lisbon, to discuss a proper plan to fit the new global positioning of Peugeot. All the marketing team, including creative and communication people were in the same line of thought, something different had to be developed and performed to transmit the desired idea, starting to communicate and showing, progressively, a more premium brand throughout the market.

In order to understand people's perceptions and opinions towards Peugeot and what should be done to engage them, an online survey was conducted by a sample with 59% males and 41% females. Of these, 70% had between 31 and 60 years old and 27% between 18 and 30 years old (Exhibit 1 and 2).

Automobile Industry

Automobile Market Worldwide

Regarding the last four years, the global sales of the sector have been increasing by 26,7%, from 57 million units sold in 2010 to an expected 72.23 million by the end of 2014 (Exhibit 3). This increasing demand is mainly due to the growing orders coming from Asia and North America, which compensates the declining demand from Western Europe. It is also important to highlight that the Asian market is gaining quite a high importance throughout the automotive sector, where the sales have doubled since 2007, and consequently keeping the international manufacturers' attention. Furthermore, this is a market with potential and where firms are able and interested to invest in order to grow, diversify their risk, explore new markets and where the workforce and spaces' renting are less costly. In China, by the end of 2013, sales reached 17.9 million units sold, achieving the first place in Asia and the world's main producer of automobiles and light vehicles, respectively.

This global trend, already understood by the main global producers, like GM, Volkswagen or The Ford Motor Company, is changing the way of facing the global industry's scenario of sales font and the allocation of their facilities.

In the extent of global sales, by the end of 2013, Toyota was the most represented manufacturer with 12,3% market share with 8.45 million units sold around the world, followed by General Motors (GM) with 12% market share with less 200.000 sold cars. Peugeot (PSA Group), ranked eleven, achieved 2.34 million units sold around the world (Exhibit 4).

In terms of passengers' automobiles production, from 2010 to 2013, the production increased by 12,2% with 65.4 million units produced worldwide, and by 55,7% when compared with the end of 2003 (Exhibit 5), powered mostly by the increasing demand in emerging markets.

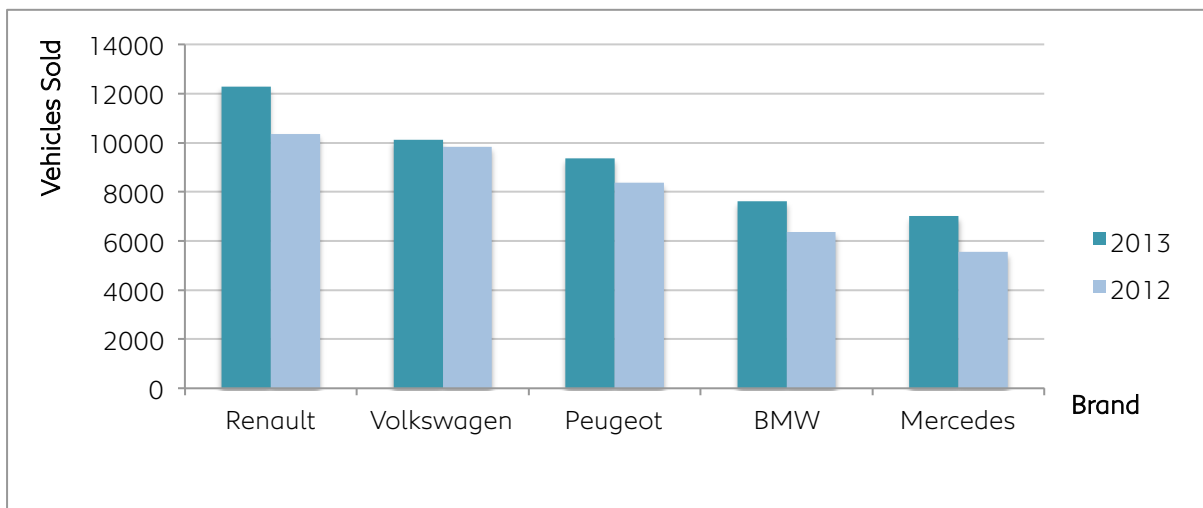
Concerning the passenger cars' manufacturers worldwide, in 2012 Volkswagen Group assumed the leadership position with almost 8.6 million units produced, followed by Toyota with 8.4 million and Hyundai with 6.8 million units. The PSA Group occupied the eight position with around 2.5 million manufactured cars (Exhibit 6).

Portuguese Automobile Market

For a proper understanding of the case study, only the passenger cars' market will be analysed. This submarket has suffered some switching results during the last years, specially from 2008 (208.448 sold units) to 2009 (155.466 units) and from 2010 (214.300 sold units) to 2012 (90.792 sold units), with losses of 25,4% and 57,4% respectively, both characterized by two crisis' periods and consequent loss of buying power from Portuguese consumers. More recently, results are slightly better, with a registered rise of 11,4% by the end of 2013, with 101.126 passengers' cars sold (Exhibit 7).

Graphic 1 shows Peugeot as a major competitor in the Portuguese market, placed in the third position of TOP5 sales' evolution from 2012 to 2013, amidst several known brands such as Renault and Volkswagen. (ACAP, Vendas de Ligeiros e Pesados 2000-2014 2014).

Graphic 1 – TOP5 Sales' Evolution (2012-2013)



The major player in Portugal is Renault, with 11,6% of market share by the end of 2013, maintaining its position during the last years, followed by Volkswagen and Peugeot, with 9,57% and 8,85%, respectively (Exhibit 8). This can be explained by all three being generalist brands, with competitive offerings, wide product range and affordable prices, which attracts, low buying power, Portuguese consumers. The core business of each of these brands is the small and medium sized cars.

In the other hand, BMW and Mercedes, known as premium brands, justify their position in the market by selling mostly for B2B clients¹ and also by being aspirational brands² that translate the “wonder” of numerous people who want to buy that type of premium car from money savings. BMW, in the last few years, has occupied a better position than Mercedes in the Portuguese market, even though Mercedes is now closer to BMW in terms of sales (Exhibit 9).

Peugeot Brand

Brief History

Being a reference to the French and global automobile industry, the Peugeot Frères brand was founded in 1810, by Jean-Pierre II and Jean-Frédéric Peugeot – both sons of Jean-Pierre Peugeot. At that time graining mill was the main activity of the company, later transforming it into a steel foundry used for dressmaking, saws and springs for watchmaking. Having developed and produced innovative models during their life length, in 1896 a strategic change happened inside the company, with the separation of the traditional manufacturing, so far managed by Le Files de Peugeot Frères, from the automobiles' manufacturing, managed by Armand Peugeot, allowed the creation of Automobiles Peugeot. In the beginning of the 19th century, Le Files de Peugeot Frères was also investing in automotive manufacturing under the name Lion Peugeot, despite having a different product range to avoid competition. Some years later, the desire to become one single brand arose and Automobiles and Cycles Peugeot was founded, through the merger of the two companies. From 1912, all the manufactured vehicles by Peugeot were produced under the same firm in the largest manufacturing plant in Sochaux, France. The history of Peugeot has been characterized for being very solid, visionary, innovative and trying always to fit the global needs of the customers (Family Adventure s.d.).

In the very end of the 20th Century, a history of success took place: in 1998 the Peugeot 206 range was launched and in its 12 years' life-cycle reached the incredible number of over 7 million units sold, the most sold Peugeot car globally so far. These results gave Peugeot the opportunity to expand its facilities' outside France, being it the most impactful in Porto Real, Brazil, which increased its

¹ B2B clients – traduced by being majorly through fleet contracts

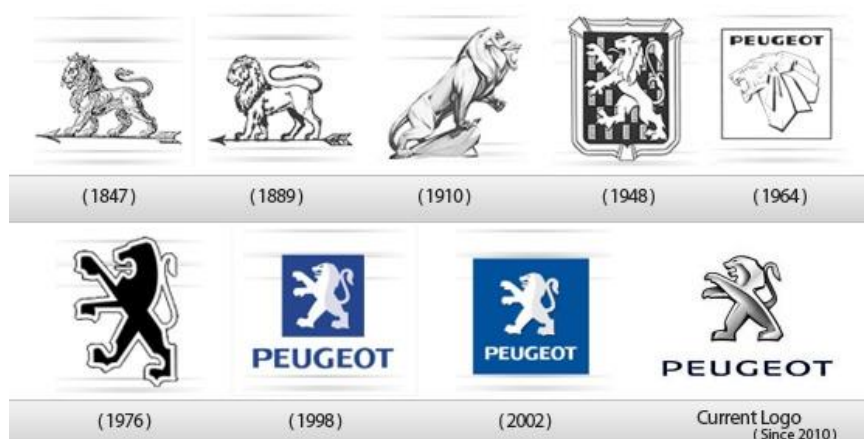
² Aspirational brand – desired brand

production capacity. Peugeot has several plants around the world that allow a reduction on production and transportation costs.

Nowadays, Peugeot brand belongs to the French PSA Group, who also owns another car brand, Citroen. From 2014 with the “Back In The Race” global strategy that is being implemented by the Portuguese CEO of the French group, Carlos Tavares, the PSA Group plans to make DS an independent brand, separating it from Citroen. All three brands will have a positioning and a proper mission in the market: Citroen competing in the medium-low generalist brands' market, Peugeot in the premium generalist and DS in the high-premium brands' one (niche market).

With more than 200 years, Peugeot is present in 160 countries with more than 10,000 dealerships worldwide, offering a very complete product range that can fit each target customer and their best expectations, with different characteristics and arguments present in each model, but always evoking the same advantageous bundle of arguments: quality, technology, innovation, design and efficiency. These success axis incorporated in Peugeot's DNA³ are part of the new reposition strategy. Concerning the main strategic areas of investment stated before, Peugeot had to launch successful models in order to “shake the market out” in every segment. The results were quite good, with some well succeed launches: like the new 208, the new Crossover 2008, the new 308, *International Car of the Year* in 2014, very praised in a general way by the specialized press, and in next September 2014 the launch of the new 508, the top of the range of Peugeot, all with encouraging sales not only in Europe but also worldwide.

Image 1 – Peugeot's logo evolution



Font: (Criativos 2014)

³ DNA - deoxyribonucleic acid. The 'genetics' of the brand.

PSA Peugeot Citroen Group In The World

The French manufacturer group, as well as its main competitors, is facing decreasing revenues in Europe. In 2011, Europe's revenues were about 72,9%, decreasing to 65,8% in 2013, despite being the most important market. In an opposite way, in other geographical areas the importance is growing up during the same period, like Russia, Asia and Latin America. In addition, the highest rising came from Asia with 61,7% variation from 2011 to 2013 (Exhibit 10).

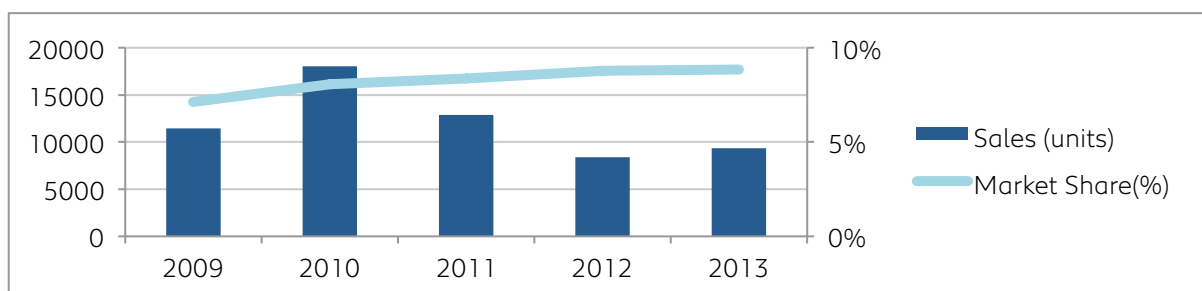
Moreover, PSA Group's production is facing encouraging results, from 3.73 million produced cars in 2010 to 4.44 million in 2013, an increase of 19%. It is also predicted that by the end of 2014 the PSA's expected production will reach 4.76 million units (Exhibit 11).

This warning scenario in the European area led PSA Group, including the Peugeot brand, to bet in new markets, mainly in the emerging ones. By implanting factories closer to its end markets, the PSA Group sought to save economic resources. This resulted in 42,2% sales from outside of Europe, 18 p.p. more than in 2009. The good results were extended to China, where the sales went up by 26,1%, 7% in Latin America and 4,4% in the Rest Of The World (PSA Peugeot Citroen, a global automotive group s.d.).

Peugeot In Portugal

Peugeot's current position is improving since 2009, when the brand represented 7,13% of the market with 11.476 units sold and by the end of 2013 already represented 8,85% with 9.372 united sold in the passengers' car market. In spite of having a lower value, the importance of Peugeot in the Portuguese automobile sector is been increasing (ACAP, Vendas de Ligeiros e Pesados 2000-2014 2014) (Graphic 2).

Graphic 2 – Peugeot's sales in Portugal, passengers' cars market (2009-2013)



More recently, accordingly to the repositioning strategy of Peugeot in Portugal, the entire range has been renewed just like what is happening in every market the brand is present. Peugeot upgrades its models, on average, every 3.2 years, being one of the youngest of the market. Portugal is not an “outsider”, with its range's renewal and completely new launches being a huge success in Portugal.

- The 108 range, the new urban city car. This car promises to be a good bet for those who value a quality small car, with an attractive design that offers a differentiation argument: the possibility to be personalized to each customer's taste, from the retractable roof, to the interior seats and also thematic stickers that can be added both in the interior and exterior of the new city car.
- The 208 range, one of the best references in the B segment and the currently “best-seller” of Peugeot, in Portugal.
- The 2008 Crossover range, registered higher orders than previously expected from Peugeot, becoming the second player in its segment in just one year.
- The 308 range, the materialization of Peugeot's new era. This model translates the intention of Peugeot for the near future. A match between quality, design, comfort, technology and safety was achieved and the public grasped the idea. The results have been really positive for the brand, illustrating Peugeot's bet into this “turning-point” vehicle.
- The 3008 Crossover range, good for its typology, mixes the Familiar car and the SUV (Sports Utility Vehicle). Being the number one in its segment and the first one entering this relatively new segment, it collects fans since its birth.
- The latest model being introduced in Portugal is the New 508 range, composed by the Berlina (4-doors), SW (Station Wagon) and RXH (characterized by being a SW off-road prepared with an Hybrid engine). This range is mostly targeted at B2B (business clients).

Image 2 – Peugeot's range



An Aspirational Industry

This particular market is characterized by planned acquisitions. A car buying decision-making is not easy for the majority of the people, where a large amount of money is usually spent. Comparing different models among different brands makes people struggle, trying to balance all the different offers from all brands in order to make the best decision.

Durable Purchases

Most products are characterized as being perishable products⁴, like food, drinks, cleaning products or hygiene products, where changing brands and experiment new ones is quite easy, and so is to elect the better one in each product category. Furthermore, it is also simple to attract new customers through short-term activities, like promotions, sampling or rewards.

Opposed to this, there are markets where it is not possible to do it, as there is a long-duration buying and the chances to change the elected brand and experiment new ones are quite low. The client will not be interested on experimenting a new brand or change his/hers' if the currently product is performing well.

Being one of the most particular, the automobile sector is included in this category, with each person changing cars, on average, every 8 years. So, every time this major financially risky decision has to be made, it is an act of extreme thinking conjugated with many other factors like disposable budget, most appropriated car segment, approval of the car model by the rest of the family, consumes, design, etc. The customer definitely does not want to make a hasty decision, concerning the expected life cycle of the product on the customer's hands. Usually, only house's acquisitions last longer than car acquisitions.

Role Played By Influencers

This sector is characterized by carrying a perilous decision, so the consumer wants to minimize the risk. The decision-making is influenced by a group of people who are involved in the whole process, for example: the husband/wife, the father/mother,

⁴ Perishable products – non-durable products.

relatives, co-workers or the salesman. So, the customer will take their considerations and opinions into account, in order to make the best decision among all alternatives that meet his needs (Yayla e Yildiz 2013). Differing from each case, the influencers have different levels of importance, depending on the level of expertise of each influencer in the topic.

Consumers give more relevance to other cars' prices than to previous cars' purchasing values, having a higher importance on the decision making process (Löffler e Decker 2012).

Automobile Brands' Approach

In order to face this reality, automobile brands need to have distinguished mechanisms valued by the customers to be well succeeded, as to captivate not only current clients but also potential ones on this decision making process.

If customers find salesman act in a trustable way, providing expertise and knowledge to the clients, they will feel secure, safe and informed, which can lead to a better attitude towards the brand. In opposite, if the salespeople do not come up with useful information, not transmitting confidence and capability to attract customers, they will feel frustrated, unsatisfied and unfulfilled, and their attitude regarding the brand will not be positive enough to engage (Comer, et al. 2011).

Other very important aspect taken into account is the accessibility of the salespeople, that has to be easy, as well as their empathy. If it can be done, positive emotions will be developed in the customers' mind (Comer, et al. 2011). People accept better the brand if its salespeople have customer-valued actions. It also leads to a desire of keeping the relationship with the salesperson once customers are satisfied.

Regarding the human resources, brands have to train its people so that they know better than anyone what they are selling, and transmit trustful sensations to the customer. This is a very risky and expensive buy, so from the beginning a special engagement from the salesman has to be developed in order to win the customer's trust and natural healthy relationship. The process has to be performed with a perfect balance between professionalism and trying to 'touch' the personal needs of the customer in order to have a better knowledge about what the customer is looking for. This process has to be taken under a very monitored way, trying to

realize what are the other options that the customer has instead of the brand, by having a proper area to receive the him/her, where he/she feels comfortable and able to talk about the process, or giving him/her total availability to do a test-drive and explain characteristics about a certain car. This can be done to fit better customers' needs and expectations and develop a customized offer to him/her. It is also very important presenting advantageous conditions to the customer of paying types because is an expensive buy, and people realize on this topic one of the most important.

It is also proved that, in general, 82% of the people like the car's dealerships environment, while those who do not like the dealership's environment is mainly because of the inside nature of the space followed by the lack of complementary services (lounge area, coffee zone, etc), lack of interactive area to cars' customization, lack of merchandising and external layout looking of the space. Moreover, it is also significant to mention that 79% of those who do not feel identified with general environment of the dealerships is between 18-30 and 46-60 years old (Exhibit 2).

Brand's Approaching During The Product's Life Cycle

Once the decision making process is overpassed, is crucial to maintain a durable relationship with the client during the life cycle with the brand. A continuous interaction is needed so that the customer feels valued and important for the brand. The goal is to cultivate the relation, ask the client for feedback about the brand, try to find out some negative opinion about the brand that should be improved, giving birthday gift as a maintenance discount, trying to anticipate when the customer will change his/her car, and all this initiatives will affect the attitudes towards the brand and consequently a higher probability of loyalty for the brand. It is crucial not only to maintain a short-term loyalty but profoundly, trying to offer the customer a better tracking system during it life-cycle with the brand so that the customer will opt for the same brand when he/she has to change car. This is a culture of car changing evolution inside the brand, a pure loyalty towards it, resulting from an exemplar relationship between the brand and the customer.

Graphic 3 – Car brand loyalty throughout customer's life



Car Buying Decision-Making (mainly in individual customers)

1. Need of change current car / First car buying
2. Realise economical budget and desired car segment to this bought
3. Collect information online or through specialists, family, or friends (first filtering) where some options are eliminated
4. Desired brand's dealerships visiting in order to find out if there are some promotions occurring (mostly about aspirational brands, more expensive)
5. Initial group of considered brand's dealership visiting in order to know the car, hear eventual proposals, compare prices and schedule a test-drive
6. After dealerships' visiting in-loco, searching online for the preferable brands
7. Dealerships' re-visiting, probably with closer relatives like husband/wife, parents, or kids, so that the client can make more conscious judgments and eliminate some brands of the decision process
8. Period of reflection where the client evaluates the different alternatives according to his/her particular desire, confronting:
 - Aspirational brand offering vs initial brands consideration
 - Among the different brands considered after the first filtering

Around 94,8% of the people make a previous search throughout various sources such as the dealership staff, friends or product advertisements before take the decision of buy a car. About 1 in every 4 people relies in the information from their relatives, family and friends (Gupta 2013).

On the developed survey for this case-study, when was asked to the respondents what are the key people they consider to ask opinion when they are facing a car buying process (Exhibit 2):

- 87% mentioned the husband/wife;
- 46% mentioned father/mother;
- 43% mentioned kids;
- 29% mentioned relatives;
- 18% mentioned friends/co-workers.

In this way, was verified that 77% of the people have helped someone in a car buying process, from those 48% of the respondents referred to help husband/wife, 39% father/mother and 30% friends/co-workers (Exhibit 2).

In addition, when was asked to the respondents what was his/her role in this process, the answer was almost unanimous about the choosing brand and the price, with 78% and 60% of the answers, respectively. Other important insight is about the females' role, where was observed that they have a stronger opinion about the cars' interiors and exterior colour than males (Exhibit 2).

About the aspects people value the most in a car buying process, is the price with 95% of the responses, followed by interior comfort with 65% and the equipment (60%) (Exhibit 2).

When the theme is about the promos that the customer value the most, and the results was that 52,3% of the people purchased their passenger car under a price promotion scheme. Other important way that customer find attractive is the free insurance, elected by 21,3% of the customers (Gupta 2013).

The most preferred characteristics when a decision of buying a car is taking place are the fuel efficiency (56%), price (44,5%) and the power of the engine (40,8%). In the other hand, the financing scheme (20,9%), internal space (24,6%) and the re-sale value (26,1%) are less important factors for the customers. Furthermore, the results showed that the attributes that have to be improved to attract more customers are the fuel efficiency and the technology (Gupta 2013).

Taking into account the resources that people use to research during this risky decision-process, were observed that the dealerships' visiting is the most common researching tool, meaning that automobile brands have to pay special attention to this very important 'touching point' where the client constructs his/her perception about a car and where is important to grant a unique experience to the client. Besides this, also the brands' websites visiting is also a strong tool used by people that means the brands have to be present in this current digital world with useful and relevant contents for the customers. Even with some importance are the speciality magazines that people see as a valuable source of information where the specialists' feedback and opinions have an important role in the people's overall opinion (Exhibit 2).

It is also imperative to refer that this industry is straight linked with status and economical possessions' power. As well as a high-premium brand watch, clothes or

some accessories, a car is also an object that transmits (in the majority of the cases) the life style of a person. Most part of people like to expose its car, especially if it perceived as a premium and/or a sporty one and this feeling of owning a good car gives the client an especially social welfare.

Automobile Industry Trends

During the last years the automobile car sector has verified an increasing fragmentation with the extension of already existing car models as well as of an introduction of new segments like crossover models, where a wider number of alternatives is offered to the customers. A quite improve due to the competitiveness' increasing among brands by their pricing power and additional discounts to the customers is shaking the market (Löffler e Decker 2012).

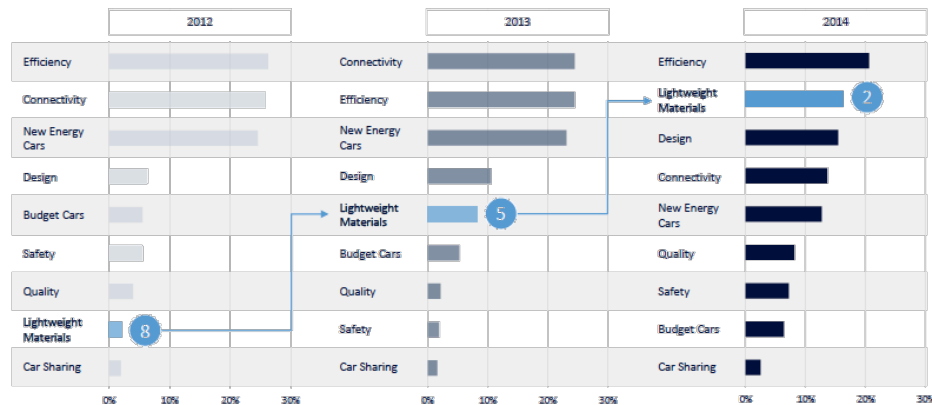
In addition, the desire of developing efficient engines, new technologies, attractive design and comfortable interior environments, are all very important to brands so that they can survive inside the market and stimulate customers' overall perceptions towards the brands so, it leads to new market patterns:

- Bigger cars (in every segments),
- Price promotions,
- Betting in future benefits to the customer like free maintenance during a certain amount of years,
- Engines' efficiency,
- Fast-growing segments, mainly Crossovers in various segments and SUV's⁵), (Löffler e Decker 2012)
- New technologies investment (GPS, parking cameras or raining sensors) in the smaller cars,
- Safety investments (more and more efficient airbags)
- Connectivity
- Lightweight materials
- Design
- New energy cars
- Multi-channel communication (Löffler e Decker 2012)

⁵ SUV – Sports Utility Vehicle

The TOP5 trends of the automobile car sector are the efficiency, lightweight materials, design, connectivity and new energy cars (Graphic 4). From all these factors the lightweight materials assumes the biggest increasing, while new energy cars is missing importance in 2014. Despite this drop, both Tesla S and BMW i3, are pushing up the EV market, with 42% media coverage and also increasing the share of coverage from 4,6% in 2012 to 4,8% in 2013 (Research 2014) (Exhibit 12).

Graphic 4 – TOP5 trends of the automobile car sector



About connectivity, 71% of the specialists agree that is or is close to be an important factor to taking into account a car's evaluation, defending that the young buyers will not be concerned about top speed or emotional driving, also assuming a growing share of coverage during the last years throughout media (Research 2014). In fact, for the connectivity boom that is beginning, Google is seen as the major driver of this era, while Apple and Microsoft are more cautious (Exhibit 13).

As complement, the autonomous driving is also a trend, expected until 2019. The biggest challenges are the legislation, infrastructure investments and industry standards for Car-to-Car and Car-to-X communications, as classified as very important for the specialists. In the other way, for the same panel, safety reasons, the additional cost that will be paid for this characteristic and the reduced travel times are the most important acceptance aspects for the autonomous driving (Research 2014) (Exhibit 14).

Other verified trend is regarding the changes in the 'Silence Policy' that can be traduced as the omission of cars' defects from the automobile brands. In the past, the manufacturers even knowing that cars had technical deficiencies, it was not disclosed to the market because it meant a non-reliable car and consequent negative brand image about the brand. Nowadays, this reality changed and the car manufacturers publish announcements about occurring cars' defects that helps

giving credibility to brands throughout the public and avoid accidents that could cost a lot (Dores 2014).

What Changed in the Last 25 Years

In order to have a deeper knowledge about this thematic and concerning some concepts about this market in Portugal, during the last 25 years, it is central to mention that the current 3 premium German brands – Audi, BMW and Mercedes – represented all together less than 3% of the total market (25 years ago). Today they represent 1 out of 5 brand new cars sold. Other important aspect is that the new emerging trend of the SUVs and 4x4 segments that nowadays have two models in the TOP10 of the most sold models. Contrasting, 25 years ago, not even one of this segments were in this TOP. Two and a half decades ago were sold more 50.000 units than the expected value for 2014, 142.000 units (Auto Hoje 2014).

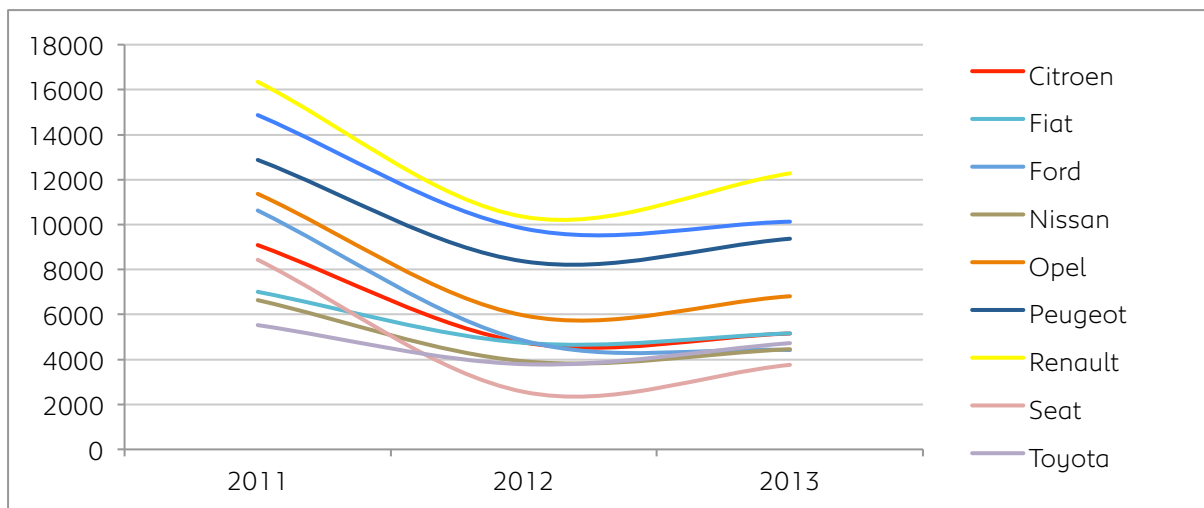
The automobile car parking in Portugal grew more aggressively from 1989 to 2001, where, on average, in every 4 years the park increased 1 million cars, reaching 5 million cars. From 2002, the number of acquisitions slowed down and the barrier of 6 million cars were not broken yet (Auto Hoje 2014).

Repositioning

Old Positioning & Old Competition

Until the repositioning implementation, Peugeot was a pure generalist car brand competing entirely in the middle of the market. Perceived both in terms of pricing and quality in a medium scale between the entry-pricing offering brands and premium brands, the competitors was at that time other generalist brands like Citroen, Fiat, Ford, Mitsubishi, Nissan, Opel, Renault, Seat, Toyota or Volkswagen. All these competitors are characterized, generally, by having wide product ranges, with offers for every need and typology of consumer and also by charging average prices in the market. In addition, these generalist brands represented about 63% of the sales by the end of 2013, highlighting the major importance and a general trend through the Portuguese consumer that opt to acquire a medium quality car from a generalist brand (ACAP, Vendas de Ligeiros e Pesados 2000-2014 2014).

Graphic 5 – Old competitors' sales in Portugal, passengers' cars market (2011-2013)



Peugeot And Citroen – Kind Of A Cannibalization

During a lot of years both Peugeot and Citroen were presenting the same kind of models into the market that led to a cannibalization⁶ situation and consequently a non-maximization of results that should work better inside the group. Identical models were targeted for the same kind of clients, instead of these different brands try to offer different types of models, differentiated by price, quality or design standards. Peugeot was also perceived as in the same degree of competition, valued by the customers as quite similar brands.

Therefore, if Peugeot and Citroen would adopted this strategy in the past, both could achieve wider market coverage, each one with its arguments. Two brands under the same group must have different targeting and positioning strategies. Something has to be done to invert this trend and draw a prosperous future in a medium long term.

New Positioning & New Competition

Back In The Race Strategy

After being nominated the new CEO of the PSA Group, the Portuguese Carlos Tavares, presented a new market strategy approaching having into account the

⁶ Cannibalization – Negative impact that a new/existing products has on existing ones in terms of sales

performances of the two owned brands (Peugeot and Citroen). A new planning was idealized for a 4-years period (2014-2018), focused in five main topics:


- Position Peugeot and Citroen differently, with different market objectives and different offerings,
- Separate the DS brand from Citroen in order to become the high-premium brand of the international group,
- Drop current global product range from 45 different models (25 in Peugeot, 15 in Citroen and 5 in DS) to a maximum of 26 (13 in Peugeot, 7 in Citroen and 6 in DS) by the end of 2022,
- Main concern on resources' allocation internationally to sustain an healthy and solid growth,
- Become more competitive with very clear offerings from each brand, mainly in Europe.

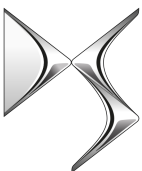
(Paulo 2014)

Image 3 – Logo 'Back In The Race'



Resulting from this distinction between Peugeot, Citroen and DS, each brand assumed its new positioning:

 The brand became the pure generalist of the Group, with the objective of being perceived below Peugeot. The goal is try to distance Peugeot from Citroen and compete in the 'lower' side of the market, regarding pricing and quality standards' mix. The brand is planned to compete against Renault, Seat and Skoda.

 This new independent unit inside the group has a very clear objective of being the high-premium brand of the group. Invest in emerging markets like China, where is perceived as a very premium brand is an imperative, where the brand already has vehicles uniquely sold there and the brand's acceptance has been quite high. Globally, this niche brand owns a narrow product range preserving the design and exclusivity as the main sales' arguments. The competitors are targeted as being Audi, Mercedes, Alfa Romeo and Mini.



PEUGEOT

Known by the 'Moving Up-Market' strategy and characterized for being a very complex and coherent changing, these repositioning occurred with many other variables. The 'Motion and Emotion' slogan entered in the Peugeot's quotidian expressing the new basics of the brand: allusion to the good driving experience and feelings as well as the pleasure while driving it. Can be also understood by investing in new technologies, as well as appealing the people's feelings, attracting them by new models' visual signature and global quality. These arguments allow pushing the brand into the new desired positioning in the market, leaving behind a neutral generalized brand associated to a generalist brand.

Peugeot - A New Integrated Image and Offering

For the new brand's compromise, other changes became central in this mission:

Dealerships' redesign: re-think the layout and re-design the interior of the POS⁷, could lead to a traffic, better flow for customers' increasing as well as to their satisfaction towards the brand/store (Keller 2011). It is characterized as an uniformization of all dealerships worldwide to perceive Peugeot as more global and coherent brand wherever it is. This decision covers both exterior and interior environments. About exterior presentation, the dealership surroundings are fully covered in blue incorporating also the brand's name and the lion. Inside, and still under implementation, the floor is being changed from wood to dark grey, giving a more exclusive image to the dealership environment as well as a creation of coffee and kids' areas. The ambition is to create an exclusive and complete clime inside the point of sale, where the client feels completely satisfied and supported by the salespeople (Exhibit15).

New technology's investment: an increasingly importance is taking action, since the pioneer 508 RXH model, mixing a Diesel and an electric engine, resulted in economical consumes and reduced pollutant emissions. Furthermore, large investments are being done in the global renewal of Peugeot's engine range, replacing the existing models for similar ones but more environmental friendly, with increased performance, lower consumption values and reduced pollutant emissions. Other investment is also being done, where a new technology called HYbridAir is being developed in order to show only 2L/100km consumption, about 40% less than a regular car with the same characteristics.

⁷ POS – Point of sale, store, shop.

Increasing equipment standards: other way Peugeot's responsible board considered very crucial was the equipment offering, based on the premium cars offering standards. The most valued attributes in each typology of car should make part of the Peugeot's offering. So, a huge investment was done in terms of design improvement, technological equipment such as touchscreen, helping blind sensors, high-quality leather seats, nacreous exterior colour, massaging seats, intelligence system of GPS, etc. (Appendix 16).

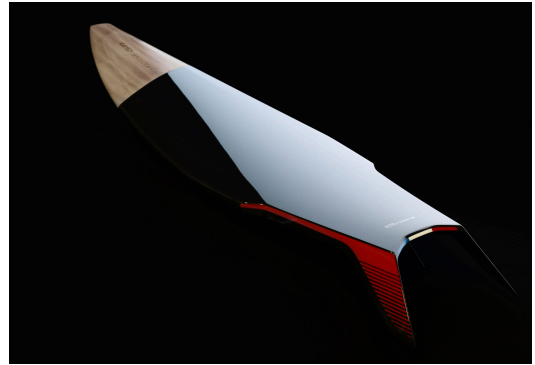
Boutique articles designing: also a kind of product extension, some objects were designed by professionals under the Peugeot's brand in order to become this repositioning 'revolution' more complete in terms of consistence. Trying to achieve a more premium image, the creation of modern and unique objects, characterized as little pieces of art in a sense, evoke exclusivity and a mark of a new era, being a very credible way, in part, of transmitting it. Peugeot had one clear objective: become much more than a car manufacturer.

Linked with this new bet from Peugeot, was created the Peugeot Design Lab, in 2012, the Peugeot's Global Brand Design studio, than can be described as an extension of Peugeot's brand image, where the DNA, history and values through a unique design philosophy. By establishing a unique and coherent identity that results in a particular mixing of material combined with a singular design, this studio's products true pieces of art (Lab 2014). Some projects were developed by the Peugeot's Design Lab team (sometimes in cooperation with other entities): some bike models, decoration objects, jewellery pieces, kitchen utensils, a piano, public transportations' design, a powerboat, a sailboat, a sofa or surfboards, always maintaining unique designing attributes where different types of materials are combined (Exhibit 17).

Image 4 – Peugeot's Design Lab Logo

PEUGEOT DESIGN LAB

Image 5 – Examples of Peugeot Design Lab's projects (Piano & Surfboard)



An entire premium image has to be shown through all this kind of examples in order to pass a stylish and credible new image, maintaining always the same key elements.

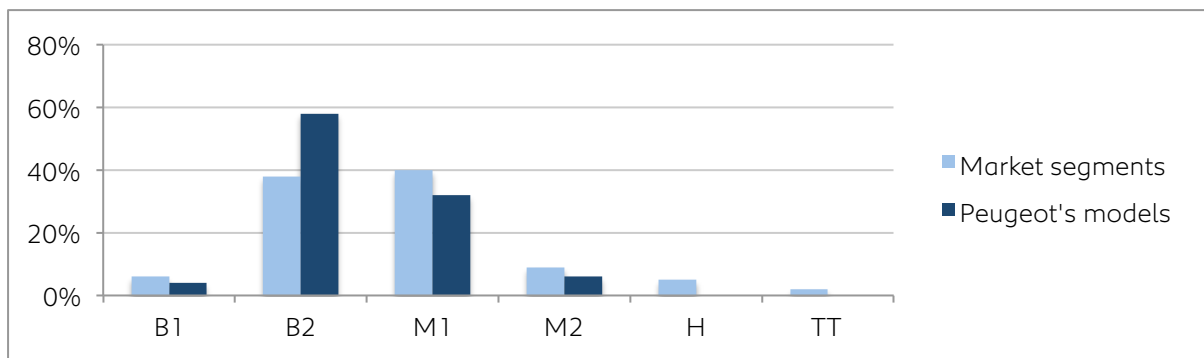
New Competition

Even though it is hard to perceive an established brand in a very mature industry as the automobile one, Peugeot wants to deliver a very clear message: become a more premium brand. Occupying for the last years the third place in the automobile market, Peugeot targets as its main competitor, Volkswagen, the historical German brand that belongs to the largest car manufacturing group in the world in terms of brands' portfolio, Volkswagen A.G.⁸, and the second most sold brand in Portugal (Exhibit 18 – Volkswagen vs Peugeot's Product Range in Portugal).

In a secondary scenario, Peugeot also wants to steal some market share to the three main premium brands (Audi, BMW and Mercedes), despite being a hard task to achieve once these brands have their perceived status one step ahead. In this case, Peugeot can compete by price once the practised prices by the premium brands are higher (Exhibit 19). In addition, the French brand has its most representative models competing in the most representative segments in the passengers' car market (Graphic 6).

⁸ Volkswagen A.G. – Also owning Audi, Bentley, Bugatti, Lamborghini, Porsche, Seat and Skoda

Graphic 6 – Market and Peugeot's segments importance



On the developed study, the respondents were asked to rank 6 different cars' brands (3 premium and 3 generalists, including Peugeot) regarding their perceptions about the brands. So, having into account the responses, Peugeot was ranked in the fifth place behind Volkswagen with an average score of 5.10, compared with 4.12 of Volkswagen and 5.26 of Renault (Exhibit 2). Facing these results, can be concluded that people do not see Peugeot as a premium brand, but when people are exposed to the brand the opinions change. When people are exposed to a Peugeot's car, the perceptions are quite positive and Peugeot are achieving the objective of being perceived as a stylish, technological and more premium brand according to the next results (Exhibit 2).

The respondents were asked to rank about some characteristics' perceptions about the car they were watching – a Peugeot 308 with a covered logo in the front – and the feedback was in a scale of 1-7 (Exhibit 2):

Perceptions	Mean Value
Design	4.94
Technology	4.79
Performance	4.71
Price	4.60
Exclusivity	4.20

In addition, was checked that people do not associate this car to a high social status but in opposite, they associate it to a very conscious-mind people that value the price/quality relation and as well as the design (Exhibit 2).

Strategies To Adopt A 'Up-Market' Position

Facing this global situation of entering in a new trail, global strategies and investments emerged but all of them were imposed in a global purpose, not particularly for a certain geographical area or country. Thus, all new brand elements were developed to cause a uniform image across all the countries where the brand was present. Giving a new positioning to the brand requires the competition to be well determined, regarding aspects such as pricing competitiveness, similar equipment standards, technology offered or perceived quality, which has to be coherent with the segment offering patterns (Löffler e Decker 2012).

Following the line of this strategy, in addition to these global norms imposed from the very beginning of the brand's reformulation, each country had the independence to invest in additional ideas to promote this new strategy. Naturally, each idea born locally has to be well evaluated in terms of viability and presented to the headquarters in order to ask permission to proceed with the project.

Possible Strategies To Promote Peugeot's Repositioning In Portugal

Invest In an Integrated Marketing Communication Plan

One of the most effective ways to promote a certain message is to use traditional advertising, as the cornerstone of an Integrated Marketing Campaign plan to increase the diffusion of information and spreading, as well as to transmit credibility and consistence throughout all the used platforms. According to Nuno Marques:

"If a very recognizable brand with a established positioning in the industry like Peugeot wants to communicate a new repositioning strategy, we must be aggressive transmitting it. Is not an easy task to develop but we have to take risks. An integrated marketing communication campaign to be well succeeded has to be strong and effective."

Regarding this message from the Marketing Manager, the proposal from the Marketing Team of Peugeot Portugal was based on 4 main topics: TV, Internet, media press and sponsorship.

TV could be the most important and effective platform of the IMC, but faces a new generation of TV programming problems, since nowadays it is very common to have the ability of 'view just the programmes I want' due to rewind or even the program scheduling. Nevertheless, firms keep investing on it because it causes a huge impact on consumers' minds when well preformed. The investment can reach 142k/year in this case and it is practically obligatory, as Peugeot wants to change the consumers' perceptions. Concentrates the higher amount of investment.

The Internet environment is gaining importance throughout the last years, almost every company in the world is present in the social media or is advertising themselves through banners and the usage is constant, which allows firms to have space and opportunity to be inside this digital infinite world. The advantage of being less costly and easy to target, attract firms to invest, requiring an expected investment of 27k/year.

Other proposed tool is the advertising in media press like magazines and newspapers. The investment can be around 116k/year. To communicate this kind of strategy and also by being integrated simultaneously with other marketing tools, it must be communicated only in specialized magazines and in business newspapers since they represent the proper target of the new positioning. Nuno Marques stated:

"We do not have to be present in all magazines and newspapers. It would be a huge error that could damage our strategy from the beginning. The important for us is to focus on the best-specialized magazines and the executive newspapers in the market. It is the best way to manage our economical resources with efficiency."

Also the External Relations and Press Manager, José Barata, defended that:

"We can also manage our press releases' receiving entities in order to send information according to the message we want to transmit that will be published by them like in generalist blogs, specialized blogs, cultural blogs, economical websites, sport websites (...) I am sure that it will work, if our job is done with explicitness".

Concluding, sponsorship could be a very important tool to show to the world the new positioning and the way Peugeot wants to be in the market. It is a powerful

conductor when associated to the right events. It is important to refer that the investment (around 5k/year) is translated mainly from the merchandising used in the events like National conferences. Sport events like golf or sailing have one thing in common, the fact that the presence of Peugeot by having cars in exposition, or just by the presence of the brand, can create emotional connections between the guests and the brand, as well as familiarity and proximity.

Develop a Premium Concept Store

The Concept

The main objective of the Concept Store is to generate interest and buzz⁹ among current and potential customers. Being possible to recreate a very exclusive physical space, characterized by having different objectives from a regular dealership. In terms of external and internal appearance is also completely different, not presenting the newly adopted 'Blue Box' Concept on the external surroundings. Inside, the lightening scheme is darker, with the walls painted white with modern shapes from the floor to the roof. The number of cars in exhibition is reduced but very well highlighted, contrasting with the darkness environment inside.

The concept can be briefly explained:

- Found a urban store concept, owning the brand's DNA through the brand's signature 'Motion & Emotion'
- New models' launching
- Located in the city centre
- Boutique Peugeot products exposure
- High range models in exhibition
- LAB area where the customer can personalize his/her new Peugeot
- Coffee zone
- Wi-fi availability
- Reinforcing the commercial slope

This kind of premium dealership, with more exclusive attractions and an integrated services' offering, is present only in two places all over the world, Paris and Bahrain.

⁹ Buzz – or Word of Mouth (WoM) is a used term to define the spreading of information throughout people in a large scale

In Paris, Peugeot Avenue is located in the Champs Élysées Avenue, with around 300 m² where it is represented all of the brand's values and spirit, being totally redesigned and reopened to public last September (Appendix 20).

For the Portuguese market, in terms of investment, once is well located, the rental is around 100k/year, the workforce about 40k/year and the renewal of the space about 130k. This could increase the exclusivity nature of the project, since it would be the first country in Europe receiving this idea, apart from France. In 2015, Shanghai will probably embrace this project, being the second Asian city to welcome this Peugeot's concept store.

From the developed survey, people were asked about the perceptions they have about concept stores. The level of agreement was quite similar, taking into account the Likert Scaling (1-7) (Exhibit 2):

Aspect	Mean value
Different	5.66
Premium	5.45
Expensive	5.21
Exclusive	5.12

Besides that, 84% of the respondents find important to have this kind of space into the automotive sector and link it mostly to premium and sporty-premium brands (Exhibit 2).

Targeting

The major target of this project is all people that work in the city centre, with stable economical possessions that value exclusivity and very personalized customer service.

Increasing Brand Image & Engagement

The global image people have of a certain brand/product can vary regarding the surroundings where the products are exposed or even regarding the existing alternatives' presence (Löffler e Decker 2012).

In general terms, this hypothesis could be effective mainly do to its location in the city centre, where the premium car brands have dealerships, is also characterized for being the business centre where thousands of people are exposed to the natural brightness of the space. This kind of space is not common in Portugal, so, it would cause curiosity in people, attracting them to see or visit it, and not less important increase brand awareness and engagement. All the environment around this space would make people wonder about an image that they are not used to see associated to Peugeot. This kind of feeling is what Peugeot's managers in Portugal want to achieve in a first stage. In a posterior phase, an established brand image will be required, perceived by the customers as an 'Up-Positioned' brand than before.

Promoting The Space

In addition to the cars' exposure, Peugeot's marketing team considered an integrated planning to promote and became the space active through time. So, in the project's proposal to the headquarters was suggested that:

Pre-launching events – the aim was to create private and exclusive events for each new model. Inviting the best B2B clients and press contacts to be present in the national launching presentations.

Concept cars' exhibition – viewed as unique and futuristic, this kind of cars can also grab people's attention.

Thematic events – with the purpose to generate traffic and awareness, was proposed by Carla Silveira, Peugeot's Advertising responsible, the creation of thematic events linked with art.

“Having into account our repositioning strategy and independence to invest in this type of project, promoting art is the perfect way to bring people while they are simultaneously exposed to our brand (...). In spite of having a budget of 24k to invest in this idea, I think we can do a great job! After figuring out the best way to develop this idea, I came up with a more concrete proposal: develop in thematic events, like one for month, regarding the painting, theatre, literature and music. Each one of them promoting an interesting programme (...). We just want people to like and share the experience.”

So, some ideas in order to attract people could arise for the art thematic events, like:

- Drawing contests related with Peugeot with posterior exposition at the 'Premium Space',
- Stand-Up comedy during 1 hour with special guests inside the store,
- Small and theatre scene during 1 hour where a known story is represented,
- Music concert during 1 hour, for example, with a local Orchestra or a local group,
- Creativity contest in a partnership with a local design university, where each person who wants to participate customizes an all-blank Peugeot's mascot and the best 5 could be exposed in the 'Premium Concept Store' and after that sent to the Portuguese headquarters.

Case Study Conclusions

Right after the international board admission of both ideas from the Portuguese Marketing board, it is time to decide what is the best one to implement in order to transmit this new communication strategy and engage, in the most effective way possible, the peoples' expectations towards Peugeot.

It is a very competitive market and also a difficult one to change consumers' perceptions about a certain brand, but PSA Group was loosing power and the repositioning of Peugeot was the chosen path.

The objective is to elect the implementation of an integrated marketing plan or investing in a Concept Store in Lisbon's city centre. Would the integrated marketing communication plan be more effective than the development of the Concept Store, taking advantage of an already existing dealership? Will the stimuli of the Concept Store be more engaging than an integrated marketing communication plan? Could the Concept Store attract the desired target market or would it simply attract but not convert it into clients?

The Portuguese marketing board, as well as the Portugal's CEO, have to take into account both the advantages and the disadvantages of each option, and need to come up with a final answer. It is all about measuring both sides of the scale.

TEACHING NOTES

Case Synopsis

In 2013, 'Back In The Race' highlighted the new era of the PSA Group. The point was to differentiate both Citroen and Peugeot's brands and to potentiate group's resources that were dropping continuously. Concerning Peugeot, was decided a moving-up market strategy that consisted in turning it into a premium generalist brand. Huge investments were made in cars' design, better equipment standards and increasing driving feelings, so that the customers could interpret this new strategy.

With this purpose, a strong communication plan had to be developed in order to let people know about the group's intention to reposition Peugeot. Besides a uniform and general plan for the entire world, the headquarters gave autonomy to each country to develop some actions to show the new positioning.

Regarding the availability of investing in an internal communication strategy, Peugeot's Portugal board met several times to find the most effective way of acting. From these meetings two strong and well-based actions were on the table: an integrated marketing communication plan and an investment in a Concept Store.

For instance TV, Internet, media press and sponsorship, through a consistency and uniformity between each other, would compose the integrated marketing communication plan. This communication's emphasis in repositioning should take place throughout some platforms: TV because of the reaching capability and each ad effectiveness. Internet, as an affordable source of advertising, easy to target and growing continuously. Press media is also important since people interested in cars use it and it could lead to brand recall¹⁰, when reading and researching about cars. Finally, Peugeot as a sponsor of high-social events like golf or/and sailing tournaments, or executive conferences, could provide brand exposure in this atmosphere.

By contrast, investing in a Concept Store could be also a good option since it would give people new in-store experiences, like interactive screens to customize cars, new concept cars' exposition, exposure of boutique products and the possibility to

¹⁰ Brand recall – when a brand's name is recalled as part of a company, product or service (Social Media Marketing: What is Brand Recall? Definition and Meaning s.d.)

develop thematic art events. This space can additionally potentiate Peugeot's image thanks to the city centre localization, where the traffic is tremendous all day.

After the international marketing board accepted both of the hypotheses, the Portuguese board has to choose what should be the most effective way to engage the customers with Peugeot in this new era for the brand.

Teaching Objectives

- The importance of placement for a planned buying product like an automobile
- Managing a brand's portfolio of competing brands and how to manage positioning decisions along the portfolio
- Solo advertising vis-à-vis an Integrated Marketing Communication
- What are the visual elements to communicate a brand's repositioning

Target Audience of The Case

This marketing case study about repositioning could be some differentiated target groups, once it could not be used only to pedagogical usage, so:

- Marketing students, in a bachelor or in a master's degree;
- Professors that want to:
 - Increase its knowledge about this thematic
 - By need a kind of a case study like this in order to help him/her in an own research
 - Personal likelihood for the automobile industry
- Professionals of the automobile industry that:
 - Need a special information important to his/her job
 - By need a kind of a case study like this in order to help him/her in an own research

→ Car lovers that could find in this case study a funny/interesting topic to read about.

Use of the Case

This case-study was developed taking into account a marketing point-of-view, so it can be useful to marketing purposes. In fact, this case can be used as an information tool regarding the automotive car sector, mainly in Portugal or for Peugeot's source of information, mainly because it is all about it. For an academic object, it can be helpful, since it can be taught in marketing courses, more specifically in the repositioning topic having plenty of illustrative supports.

Teaching Plan

Suggested Discussion Questions

1. Based on the case-study reading and in your own research, characterize the automobile industry in terms of attractiveness.
2. Highlight the new strategy of positioning of the PSA Group's brands.
3. Refer the pros and cons of the new brands' repositioning inside the PSA Group. Why did this decision take place? Explain.
4. Having into account what you have learnt from the case study, perform a perceptual map that represents the 3 brands' re-positioning strategy (price vs exclusivity).
5. Taking into account the car buying decision-making, what is the critical point(s) where the brands should invest to engage clients and prospects? Why?
6. What decision would you take, if you were Peugeot Portugal Marketing Manager? Why?

6.1. In terms of investment, would you change your answer? Do you think the monetary difference between the two options is deciding factor?

7. Imagine that Peugeot undertook 'Investing In A Showroom Store'. In which way could this change consumer' perceptions about the brand?

8. Suggest another local decision that Peugeot Portugal could undertake having into account this repositioning strategy.

Answers

1. Based on the case-study reading and in your own research, characterize the automobile industry. In order to have a better understanding about the attractiveness of the automobile industry it is crucial to perform a Porter Analysis. Evaluation of automobile's' industry (Porter Analysis):

Factors	Explanation	Level
New entrants' threats	This topic is not really a problem once to enter inside this market implies a huge amount of investment, know-how, research, design, and qualified workforce. It is really hard to penetrate.	↓
Competitive rivalry	Particularly in the automobile industry, the competition is quite high. 40 players and around 13 most sold players concentrates 80% of the sales.	↑
Negotiating power of suppliers	The brands have normally more negotiation power than the suppliers.	↓
Negotiating power of customers	Although consumers can bargain prices, the salespeople always have a maximum discount amount. So, it turns into a 'fake negotiation'.	=
Threat of substitutes	Increasing importance of low-cost flights, train promotions and new 'Car sharing' trend → much times using the car is no longer beneficial.	↑
Attractiveness	Having into account the analysed forces, it is a very competitive market, requiring a huge investment to enter in. It is possible to conclude that is not an attractive market.	↓

2. Highlight the new strategy of positioning of the PSA Group's brands.

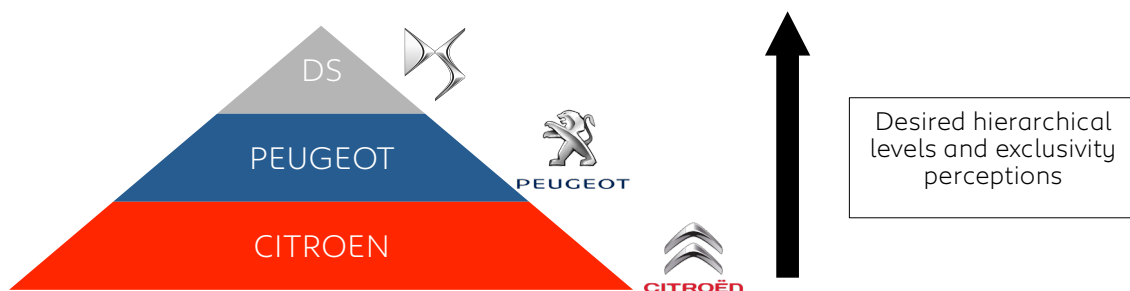
Answer requirement: This strategy was taken in order to perform a deep reformulation inside the French group:

→ The DS brand that was under the Citroen brand began to act separately as the high-premium of the group.

→ Peugeot will be considered the premium generalist brand of the group.

→ Citroen as the mass brand with lower prices and competing in a lower side of the market.

It is also important to refer that the international board of the group, is trying to impose different perceptions of each brand in the consumers' minds in a kind of 'status' hierarchy, like:



3. Refer the pros and cons of the new brands' repositioning inside the PSA Group. Why did this decision take place? Explain.

Answer requirement: The French Group was facing a huge revenues' problem, without extracting benefits from the existence of both Citroen and Peugeot brands, with very similar perceived products, which led to a competitive environment inside the group. Naturally, this decision carries both positive and negative implications:

Pros:

→ Diversified brand portfolio, differentially targeted:

- Premium offering becoming both Peugeot and DS brands. In the past both brands were not perceived like that

- Mass competition player targeted with Citroen brand, which also allows the group to play in a complementary part of the market

- Wider coverage of the market

→ Lower probability of sales' cannibalization,

→ Strategy that could lead to a consistent growth of the international group as opposed to what happened in the last years,

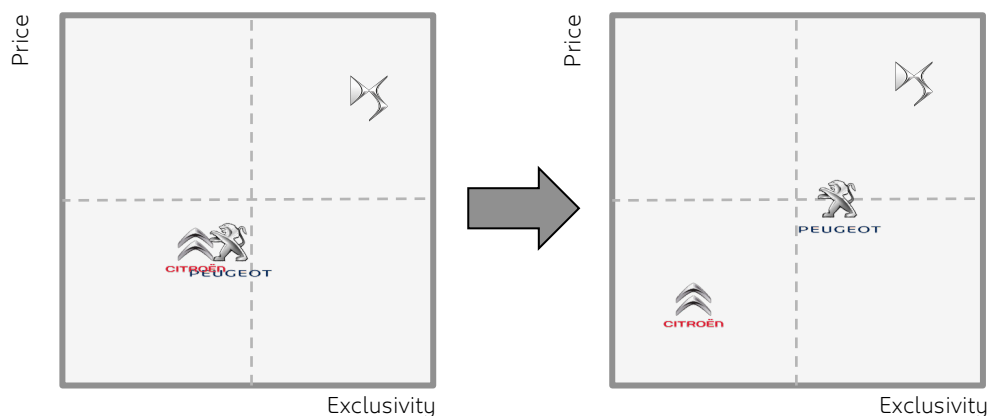
→ Possibility of reaching new markets like the Chinese, with the DS brand once is the high-premium of the group.

Cons:

→ Damage of Citroen's brand image once it will be perceived under the customers' current perception and it could lead for a sales' dropping,

→ Difficulty from the customers on interpreting Peugeot's new position, and to see it as a premium generalist brand. People may not perceive this 'Move-up' strategy that can influence the practised prices and customers may not be able or willing to buy a Peugeot paying more without knowing this repositioning strategy.

4. Having into account what you learnt from the case study, perform a perceptual map that represents the 3 brands' re-positioning strategy (price vs exclusivity).



5. Taking into account the car buying decision-making, what is the critical point where the brands should invest to engage clients and prospects? Why?

According with the mentioned process about the a car's decision buying process:

- Collect information online or through specialists, family, or friends (first filtering) where some options are eliminated X
- Initial group of considered brand's dealership visiting in order to know the car, hear eventual proposals, compare prices and schedule a test-drive X
- After dealerships' visiting in-loco, searching online for the preferable brands X
- Dealerships' re-visiting, probably with closer relatives like husband/wife, parents, or kids, so that the client can make more conscious judgements and eliminate some brands of the decision process X
- Period of reflection where the client evaluates the different alternatives according to his/her particular desire X.

On these five different phases each brand's actions are essential to engage customers. At a first stage, where the client is collecting initial information, is important to have a good website, with clear content about the products, easy to search, and with availability to help the user online through a quick responses chat. In a second step, the contact with the client when he/she visits the dealership, the expertise of the salespeople, the capability to express trustable feelings about the brand and understand the customer's needs and/or the dealership's environment, are all very important to build engagement with the customer. Other critical point is the importance of having banners throughout the visited websites, so that a recall of the brand can be done, as well as having a friendly website, with the characteristics described above on the second stage. Before the last stage, the salespeople has to recover the invested resources since the first visit, where a relationship has been maintained and even try to close the deal, conceding some offer to the customer. The last stage is the ability from the salespeople or through a CRM¹¹ mechanisms where a follow up after the dealership's visiting is done. The brand's desire is to try to maintain the relation with the prospect after the visit, giving him/her brand's

¹¹ CRM – Customer Relationship Management - helps in profiling prospects, understanding their needs, and in building relationships with them by providing the most suitable products and enhanced customer service (Dictionary, 2014)

stimuli when they are facing the decision, causing a preoccupation impact from the brand in order to understand the prospect's dilemma in the decision buying process.

6. What decision would you take, if you were Peugeot Portugal Marketing Manager? Why?

Elect hypothesis 'Invest in a Integrated Marketing Communication Plan'

As cited, this is a traditional strategy, where companies invest their economical resources in common platforms, still continuing effective. An integration between TV, Internet, press media and sponsorship could be very consistent, allowing to diffuse a strong message to the public. Nowadays, people's presence in Internet is rising exponentially, and the desired target by Peugeot is there too, so it is important to identify them and 'attack' them with advertising. The example of sponsorship could be also another smart move from the French brand once in Conferences, Meetings or golf/sailing events the target audience is there and also as the press media magazines or newspapers the target Peugeot wants to achieve is faced is Peugeot through a car exposition, merchandising or even through a press media advertising. TV still is the strongest media once the coverage can be huge, in spite of facing TV's new generation capabilities of viewing just the programmes the user wants, and in the other hand, public is able to skip advertising and consequently the effectiveness could goes down.

Elect hypothesis 'Develop a Premium Concept Store'

Since it is not a quite used strategy in the automotive industry, it can bring advantages to the brand and consequently for the engagement with the public. The location is a plus in this strategy once it will be placed in the city centre, where is verified not only more cars' traffic and a huge number of people walking around all day. In terms of brand's exposition it would be well played once people are exposed with this new brand's surrounding. In addiction, the thematic events like art expositions could occur in the space, that could increase brand engagement not only in general public or car lovers but also to press media. This singular idea will not leave anyone indifferent, presenting the top models, boutique products and a dark environment, with a high exposition capability.

6.1. In terms of investment, would you change your answer? Do you think the monetary difference between the two options is deciding factor?

Elect hypothesis 'Invest in a Integrated Marketing Communication Plan'

Investment: 142k (TV) + 27k (Internet) + 116k (Press Media) + 5k (Sponsorship) = **290k.**

Elect hypothesis 'Develop a Premium Concept Store'

Investment: 100k (rent) + 40k (workforce) + 24k (thematic events) + 130k (renewal) = **294k (Initial investment). Next years = 164k.**

7. Imagine that Peugeot undertook 'Investing In A Showroom Store'. In which way could this change consumer' perceptions about the brand?

Positive scenario: People could realize the brand's desire to be more than a brand, creating engagement and buzz around the concept itself. Furthermore, the offering inside the space could be good for this proximity strategy between the brand and the people and not only to expose the cars, once brand wants to deliver an integrated experience.

Negative scenario: People might not associate and realize this 'Concept Store' with its main purpose, which is to create engagement towards Peugeot. There is the possibility of associating the space with a regular dealership and it will not create a positive effect among peoples' perceptions. It will lead to neutral feelings towards the brand.

8. Suggest another local decision that Peugeot Portugal could undertake having into account this repositioning strategy.

→ Shortening its product range, trying to become an exclusive and niche brand

→ Price increasing, so that the only people who can buy could be the pretended target

→ Creation of a new brand. This could be positive due to it erasing the generalist brand's perception people have of Peugeot, but on other hand people do not have any perceptions about the new brand that is created.

Possible Assignments and Planning

Possible assignments

First alternative – light investigation of the case

Using this case study as a reading of a marketing course to analyse and solve out of the classroom. It could be more rational to be solved in groups, so the professor should create working groups and:

- Ask for a case study analysis and solving in order just to be discussed in class. From the groups it is expected to develop a simple document with all the answers, preferentially in computer and by hand delivering.

Second alternative – deeper investigation of the case

In terms of analysis and solving, is like in the alternative 1, but in this case:

- The group work as to develop an oral presentation for the rest of the, in order to explain their point of view about each question. Despite it could be a more complex alternative than the first one, it will allows not only students to develop their marketing skills and thinking capabilities but also the professor to understand better the students' thinking process and presentation abilities.

In this case, each group has to include in the presentation: Peugeot's background, industry in the world in/or in Portugal, evolution of the market or competition analysis, so that the professor know if the group is aware of the main subject.

Planning

The students should be divided in groups of 4 or 5 people, in order to have a balanced number of people as well as a variety of groups into the classroom. The decision about the assignment to be asked to the students is up to the professor that should have into account which alternative fits better to the course plan in terms of time.

Due time

Alternative 1: analysis and solving and discussion in class: one week later.

Alternative 2: analysis and solving and class oral presentation: four weeks later or as a final course project.

At-home working time

Alternative 1: analysis and solving and discussion in class: +/- 5 hours work.

Alternative 2: analysis and solving and class oral presentation: +/-20 hours work.

Classroom discussion/presentation

Alternative 1: general discussion to analyse and solve the case: 45/60 minutes.

Alternative 2: analysis and solving and class oral presentation: +/- 2 hours (all groups presenting).

What happened?

After the description and analysis of both hypotheses that the Peugeot's Portuguese Board had to struggle with, they decided to invest in a Concept Store. This Concept Store's grand opening happened in the end of 2013, named PEUGEOTCITY in

Avenida da República, in one of the busiest streets during the whole day, in the Lisbon city centre – Image 6. It grew from an older dealership and is located between two 'premium' brand's dealerships – Audi and BMW i. Both the exterior and interior layouts, and offerings, are completely different from a regular dealership (Exhibit 21).

Image 6 – PEUGEOTCITY Lisboa



In spite of being also a dealership, PEUGEOTCITY were thought to transmit very engaging experience and feelings towards Peugeot, in a sense that people are not used to know regular dealerships. All the boutique products, interactive mechanisms and the cars' presentation are thought to provoke a completely feeling of fulfilment and satisfaction towards Peugeot. It is also where Peugeot promotes the project called 'MONTRA – Mostra de Artes', that is composed by monthly events where different eleven type of arts are promoted as painting, dancing, sculpture, theatre, photography, comics, literature, music, electronic games and so on, through contests or in-store events with famous personalities.

In a sense, according with the brand's entity of investing in design and creativity, always with the artistic component in mind, the development of this project is very coherent and developed on the right timing of brand's repositioning.

EXHIBITS

Exhibit 1 – Questionnaire Design

1. Rank the following brands according their exclusivity (Based on your opinion)

- __Audi
- __Renault
- __Peugeot
- __BMW
- __Mercedes
- __Volkswagen

2.



Do you know this brand?

- __Yes
- __No

3. What is it?

4. How do you classify this car according the following attributes? (1-Very low; 7-Very high)

	1	2	3	4	5	6	7
Design							
Technology							
Exclusivity							
Price							
Performance							

5. In which way do you agree with the following sentences (1- Totally disagree 7 – Totally agree)

	1	2	3	4	5	6	7
People who drive this car are from high class							
People who drive this car are good in life							
People who drive this car have a high responsibility job							
People who drive this car have a high responsibility job							
People who drive this car value design							

6. What do you value on a car buying process? (Select one or more options)

- Price
- Interior comfort
- Technology
- Design
- Status
- Equipment

7. Who do you ask opinion to buy a car? (Drag to one of the boxes, according your opinion)

Husband/ Wife
Son/ Daughter
Father/ Mother
Friends/ Co-workers
Family

Maximum Importance

Relative Importance

No Importance

8. What ways do you use to search when you think in buying a car? (Drag to one of the boxes, according your opinion)

Speciality magazines
Each brand's websites
Used cars' websites
related blogs/forums
Dealership's visiting
Email sending to the dealership

Maximum Importance

Relative Importance

No Importance

9. Have you ever helped some one to choose a car?

__Yes

__No

10. From who? (select one or more options)

__Husband/ Wife

__Son/ Daughter

- Father/ Mother
- Friends/ Co-workers
- Family

11. From the help that you gave, in which aspect did you contribute the most?
(Select one or more options)

- Brand
- Colour
- Interiors
- Optional equipment
- Wheels
- Price

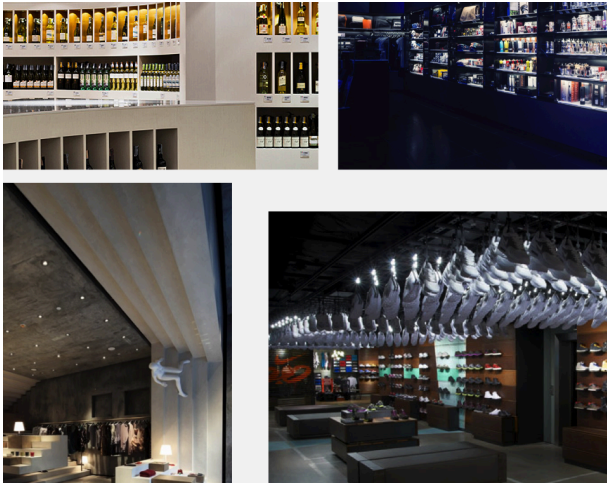
12. Do you like the environment of the automobile dealers, generally?

- Yes
- No

13. Why? (Select one or more option)

- Impersonal environment
- Impersonal attendance
- Lack of complementary services (lounge area, coffee)
- Interactive spaces for car customization
- Merchandising
- Transmitted exclusivity
- Dealership interior look
- Salesman look

14.



In your opinion, a brand that has a concept store is: (1- totally disagree 7- Totally agree)

	1	2	3	4	5	6	7
Exclusive							
Expensive							
Different							
Premium							
Exclusive							

15. Do you think make sense apply this concept in the automobile industry?

Yes

No

16. Which brands do you think it make sense to have a Concept Store?(select one or more options)

Mercedes

Volkswagen

Peugeot

BMW

Audi

Porsche

Renault

Ford

Ferrari

Ford

17. Gender

Female

Male

18. Age

18 - 30

31 - 45

46 - 60

> 60

19. Monthly Income

< 1000€

1.001€ - 2.500€

2.501€ - 5.000€

> 5.001€

Exhibit 2 – Questionnaire Responses

1. Rank the following brands according their exclusivity (Based on your opinion)

#	Answer	1	2	3	4	5	6	Total Responses
1	Audi	19	16	45	3	2	0	85
2	Renault	0	4	0	8	31	42	85
3	Peugeot	2	0	2	9	41	31	85
4	BMW	21	41	18	5	1	0	85
5	Mercedes	42	22	13	3	2	4	85
6	Volkswagen	1	2	7	57	8	8	85
Total		85	85	85	85	85	85	-

Statistic	Audi	Renault	Peugeot	BMW	Mercedes	Volkswagen
Min Value	1	2	1	1	1	1
Max Value	5	6	6	6	6	6
Mean	2.45	5.26	5.10	2.11	1.96	4.12
Variance	0.90	0.92	0.99	0.85	1.65	0.78
Std. Deviation	0.95	0.96	1.00	0.92	1.29	0.88
Total Responses	85	85	85	85	85	85

2. Do you know this brand?

#	Answer	Response	%
1	Yes	33	39%
2	No	52	61%
Total		85	100%

Statistic	Value
Variance	0.24
Std. Deviation	0.49
Total Responses	85

3. What is it?

Peugeot
Peugeot
Peugeot
Peugeot 308
peugeot
Peugeot
Peugeot
Peugeot
Peugeot
PEUGEOT
peugeot
Peugeot
peugeot 308
Audio
Peugeot
Peugeot
peugeot
Opel
peugeot
Peugeot
peugeot
Peugeot
Peugeot
peugeot
Peugeot
Peugeot
peugeot
Peugeot
Peugeot
Ford
peugeot
Peugeot
peugeot
Peugeot
Peugeot
Chevrolet
Audi

Statistic	Value
Total Responses	35

4. How do you classify this car according the following attributes? (1-Very low; 7-Very high)

#	Question	1	2	3	4	5	6	7	Total Responses	Mean
1	Design	1	1	10	15	29	23	6	85	4.94
2	Technology	1	0	5	31	23	23	2	85	4.79
3	Exclusivity	2	4	19	24	25	9	2	85	4.20
4	Price	0	1	13	26	28	13	4	85	4.60
5	Performance	1	1	5	31	28	15	4	85	4.71

Statistic	Design	Technology	Exclusivity	Price	Performance
Min Value	1	1	1	2	1
Max Value	7	7	7	7	7
Mean	4.94	4.79	4.20	4.60	4.71
Variance	1.50	1.12	1.50	1.23	1.19
Std. Deviation	1.22	1.06	1.22	1.11	1.09
Total Responses	85	85	85	85	85

5. In which way do you agree with the following sentences (1- Totally disagree 7 – Totally agree)

#	Question	1	2	3	4	5	6	7	Mean
1	People that drive this car are from high class	7.53%	11.83%	21.51%	34.41%	16.13%	6.45%	2.15%	3.68
2	People that drive this car are good in life	3.23%	6.45%	22.58%	34.41%	18.28%	11.83%	3.23%	4.06
3	People that drive this car have a high responsibility job position	5.38%	12.90%	29.03%	35.48%	6.45%	8.60%	2.15%	3.59
4	People that drive this car value show-off	8.60%	19.35%	27.96%	27.96%	8.60%	4.30%	3.23%	3.34
5	People that drive this car value price/quality relation	3.30%	0.00%	17.58%	31.87%	17.58%	23.08%	6.59%	4.56
6	People that drive this car value design	1.08%	0.00%	10.75%	29.03%	31.18%	24.73%	3.23%	4.76

Statistic	People that drive this car are from high class	People that drive this car are good in life	People that drive this car have a high responsibility job position	People that drive this car value show-off	People that drive this car value price/quality relation	People that drive this car value design
Min Value	1	1	1	1	1	1
Max Value	7	7	7	7	7	7
Mean	3.68	4.06	3.59	3.34	4.56	4.76
Variance	1.89	1.73	1.74	1.97	1.87	1.23
Std. Deviation	1.38	1.32	1.32	1.40	1.37	1.11

6. What do you value on a car buying process? (select one or more options)

#	Answer	%
1	Price	92%
2	Interior comfort	65%
3	Technology	53%
4	Design	60%
5	Status	5%
6	Equipment	56%

Statistic	Value
Min Value	1
Max Value	6
Total Responses	85

7. Who do you ask opinion to buy a car? (Drag to one of the boxes, according your opinion)

#	Answer	Maximum importance	Relative Importance	No importance
1	Husband/ Wife	66	6	4
2	Son/ Daughter	29	23	15
3	Father/ Mother	33	23	16
4	Friends/ Co-workers	15	41	26
5	Family	23	33	24

8. What ways do you use to search when you think in buying a car? (Drag to one of the boxes, according your opinion)

#	Answer	Maximum importance	Relative Importance	No importance
1	Specialized magazines	42	31	5
2	Brands' websites	53	24	4
3	Specialized used cars' websites	19	39	16
4	Specialized forums/blogs	15	36	23
5	Dealership's visiting	65	13	4
6	Email sending to the dealership	2	12	52

9. Have you ever helped some one to choose a car?

#	Answer	Response	%
1	Yes	63	74%
2	No	22	26%
Total		85	100%

Statistic	Value
Variance	0.20
Std. Deviation	0.44
Total Responses	85

10. From whom? (select one or more options)

#	Answer	Response	%
1	Husband/ Wife	31	48%
2	Son/ Daughter	9	14%
3	Father/ Mother	25	39%
4	Friends/ Co-workers	19	30%
5	Family	11	17%

Statistic	Value
Total Responses	85

11. From the help that you gave, in which aspect did you contribute the most?
(Select one or more options)

#	Answer	Response	%
1	Brand	50	77%
2	Colour	24	37%
3	Interiors	21	32%
4	Optional equipment	23	35%
5	Wheels	3	5%
6	Price	40	62%

Statistic	Value
Total Responses	85

12. Do you like the environment of the automobile dealerships?

#	Answer	Response	%
1	Yes	70	82%
2	No	15	18%
Total		85	100%

Statistic	Value
Variance	0.15
Std. Deviation	0.39
Total Responses	85

13. Why? (Select one or more option)

#	Answer	Response	%
1	Impersonal environment	10	77%
2	Impersonal attendance	2	15%
3	Lack of complementary services (lounge area, coffee)	6	46%
4	Interactive spaces for car customization	3	23%
5	Merchandising	3	23%
6	Transmitted exclusivity	0	0%
7	Dealership interior look	4	31%
8	Salesman look	0	0%

Statistic	Value
Min Value	1
Max Value	7
Total Responses	15

14. In your opinion, a brand that has a concept store is (1- totally disagree 7- Totally agree)

#	Question	1	2	3	4	5	6	7	Total Responses	Mean
1	Exclusive	4	3	3	13	23	22	17	85	5.12
2	Expensive	1	2	3	14	30	18	16	85	5.21
3	Different	1	1	2	9	15	36	21	85	5.66
4	Premium	2	2	5	7	20	31	16	85	5.45

Statistic	Exclusive	Expensive	Different	Premium
Min Value	1	1	1	1
Max Value	7	7	7	7
Mean	5.12	5.21	5.66	5.45
Variance	2.48	1.67	1.47	1.95
Std. Deviation	1.58	1.29	1.21	1.40
Total Responses	85	85	85	85

15. Do you think that make sense apply this concept in the automobile industry?

#	Answer	Response	%
1	Yes	72	84%
2	No	13	16%
Total		85	100%

Statistic	Value
Variance	0.14
Std. Deviation	0.37
Total Responses	85

16. Which brands do you think it make sense to have a Concept Store? (select one or more options)

#	Answer	Response	%
1	Mercedes	60	73%
2	Volkswagen	23	28%
3	Peugeot	19	23%
4	BMW	60	73%
5	Audi	49	60%
6	Porsche	68	83%
7	Renault	13	16%
8	Ford	12	15%
9	Ferrari	57	70%
10	Ford	6	7%

Statistic	Value
Total Responses	85

17. Gender

#	Answer	Response	%
1	Female	35	41%
2	Male	50	59%
Total		85	100%

Statistic	Value
Total Responses	85

18. Age

#	Answer	Response	%
1	18 - 30	23	27%
2	31 - 45	31	37%
3	46 - 60	28	33%
4	> 60	3	4%
Total		85	100%

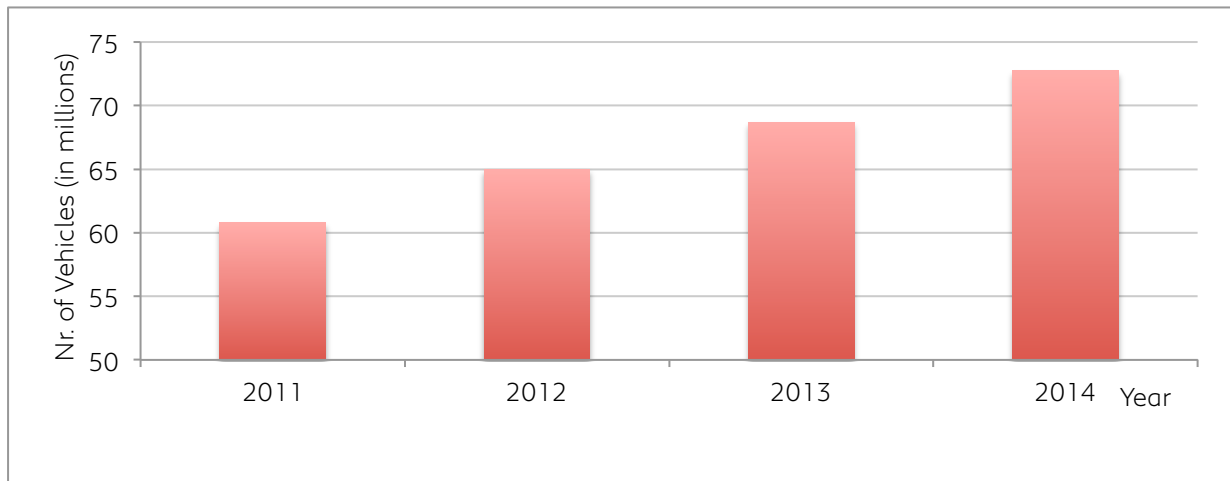
Statistic	Value
Total Responses	85

19. Monthly Income

#	Answer	Response	%
1	< 1000€	22	26%
2	1.001€ - 2.500€	41	49%
3	2.501€ - 5.000€	17	20%
4	> 5.001€	5	5%
Total		85	100%

Statistic	Value
Mean	2.04
Variance	0.67
Std. Deviation	0.82
Total Responses	85

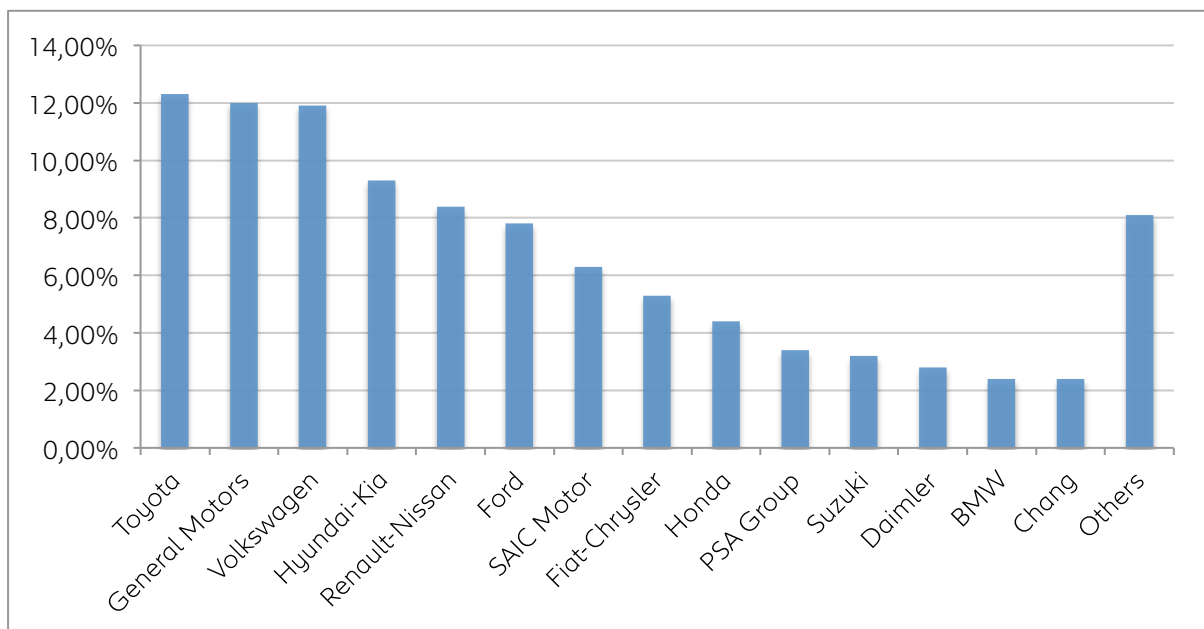
Exhibit 3 – Worldwide Cars' Sales (in Million units)



2014 – estimation value

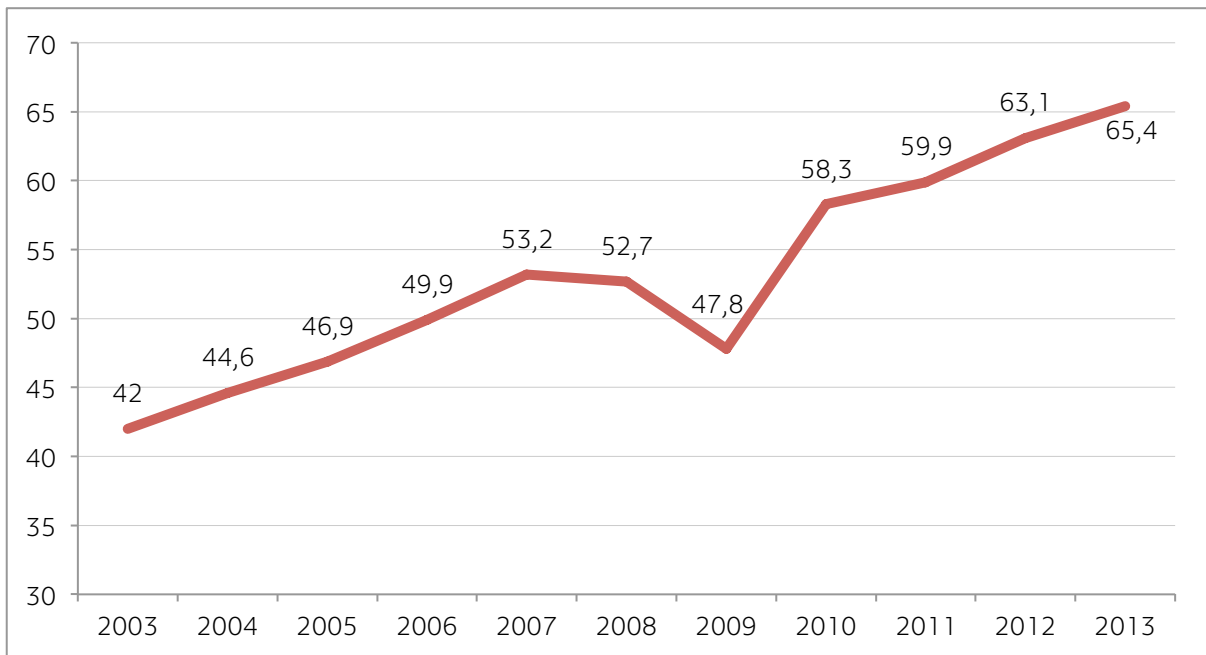
(Statista.com, Number of cars sold worldwide from 1990 to 2014 (in million units) 2014)

Exhibit 4 – Automobile Manufacturers Market Shares (2013) – in sales volumes



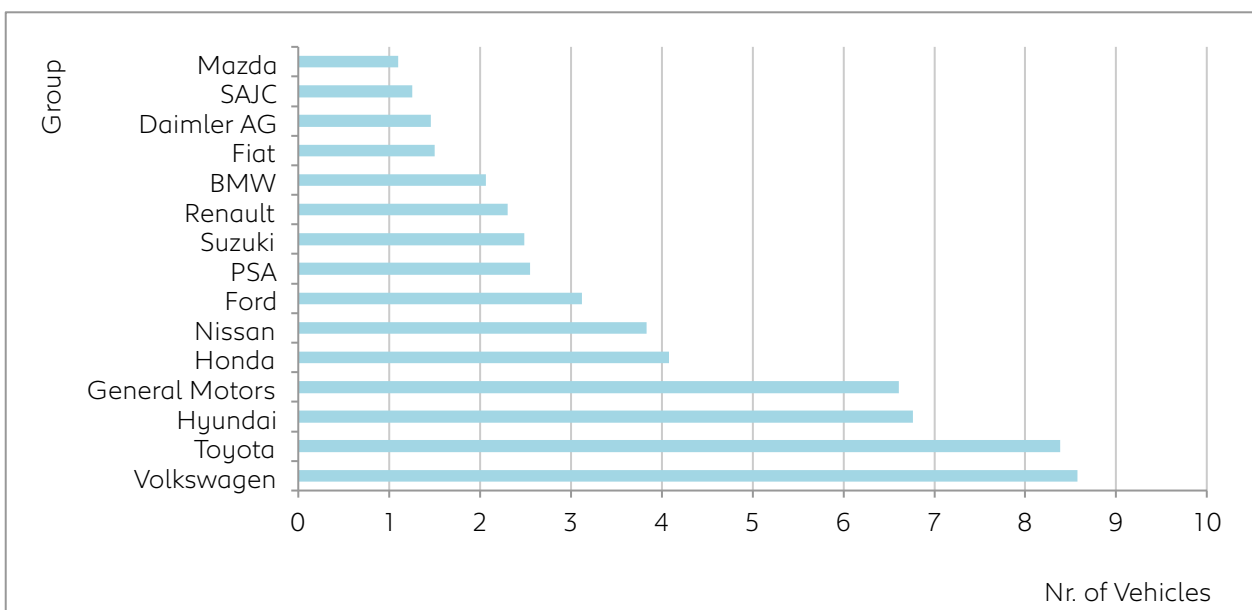
(Statista.com, Global market share of the world's largest automakers in 2013 2014)

Exhibit 5 – Worldwide Passengers Cars' Production (in Million units)



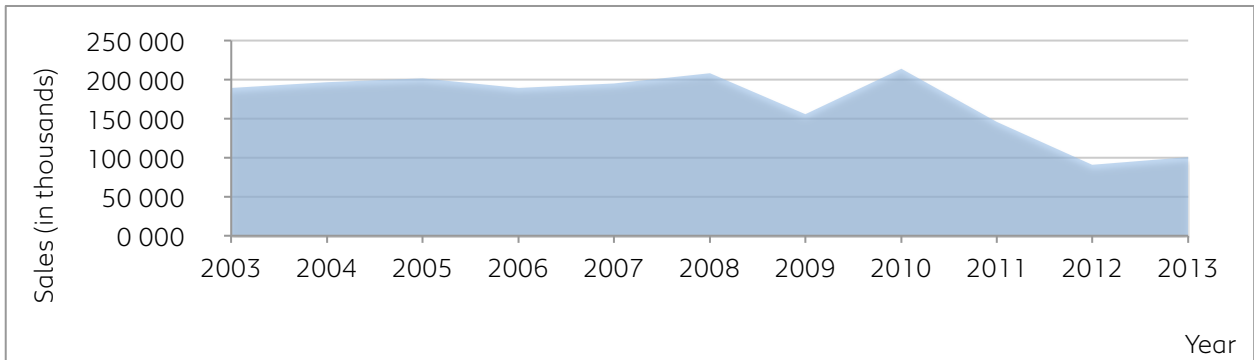
(Statista.com, Worldwide automobile production from 2000 to 2013 (in million vehicles) 2014)

Exhibit 6 – Manufacturers' Production in 2012 (in Million units)



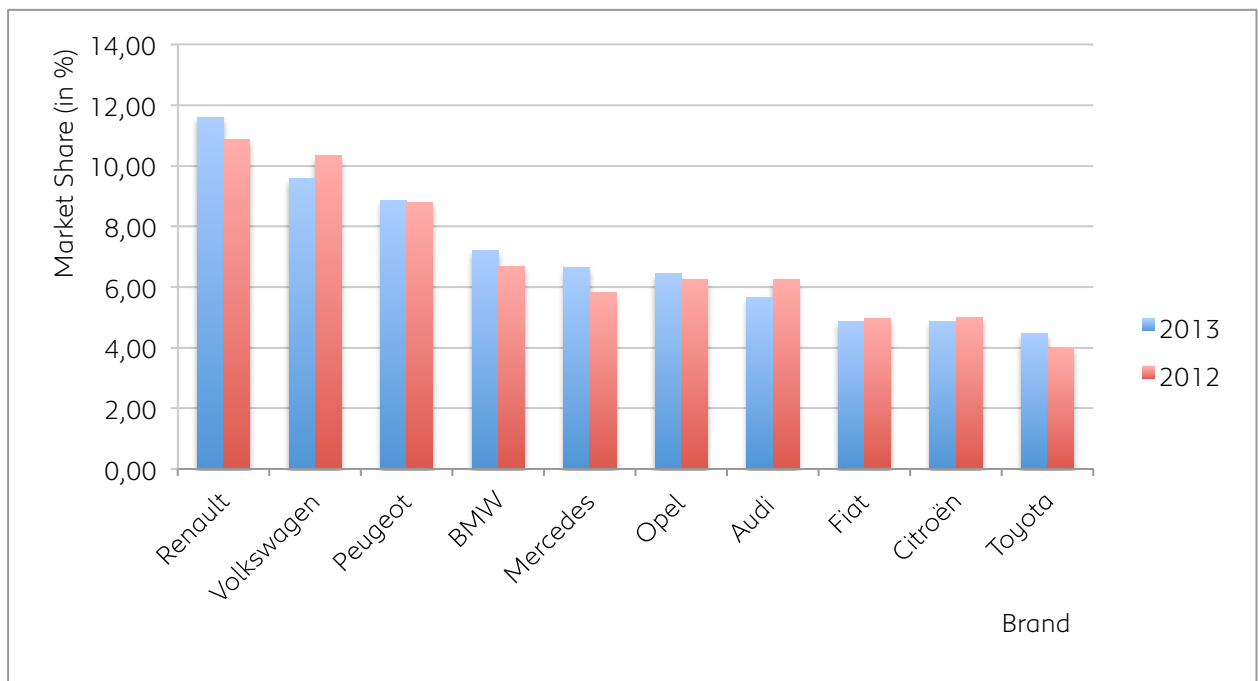
(Statista.com, Leading passenger car manufacturers worldwide in 2012, based on production 2014)

Exhibit 7 – Portuguese Automobile Passengers Cars' Sales (2003 – 2013)



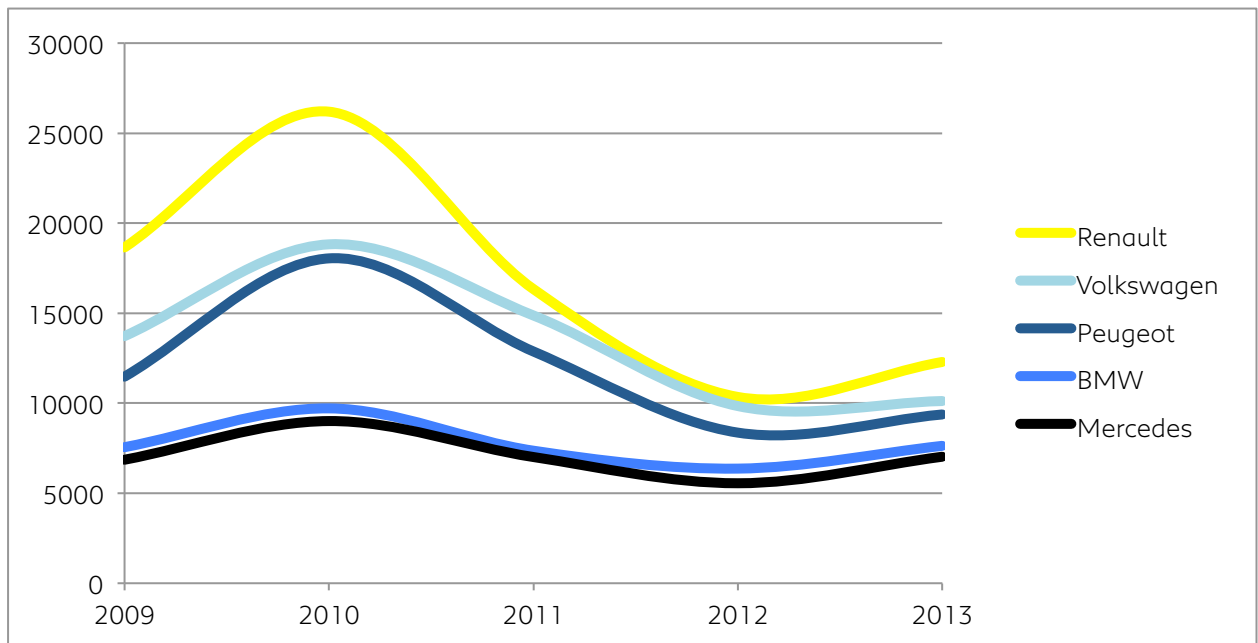
(ACAP, Vendas de Ligeiros e Pesados 2000-2014 2014)

Exhibit 8 – TOP10 Market Share in Portugal (2013)



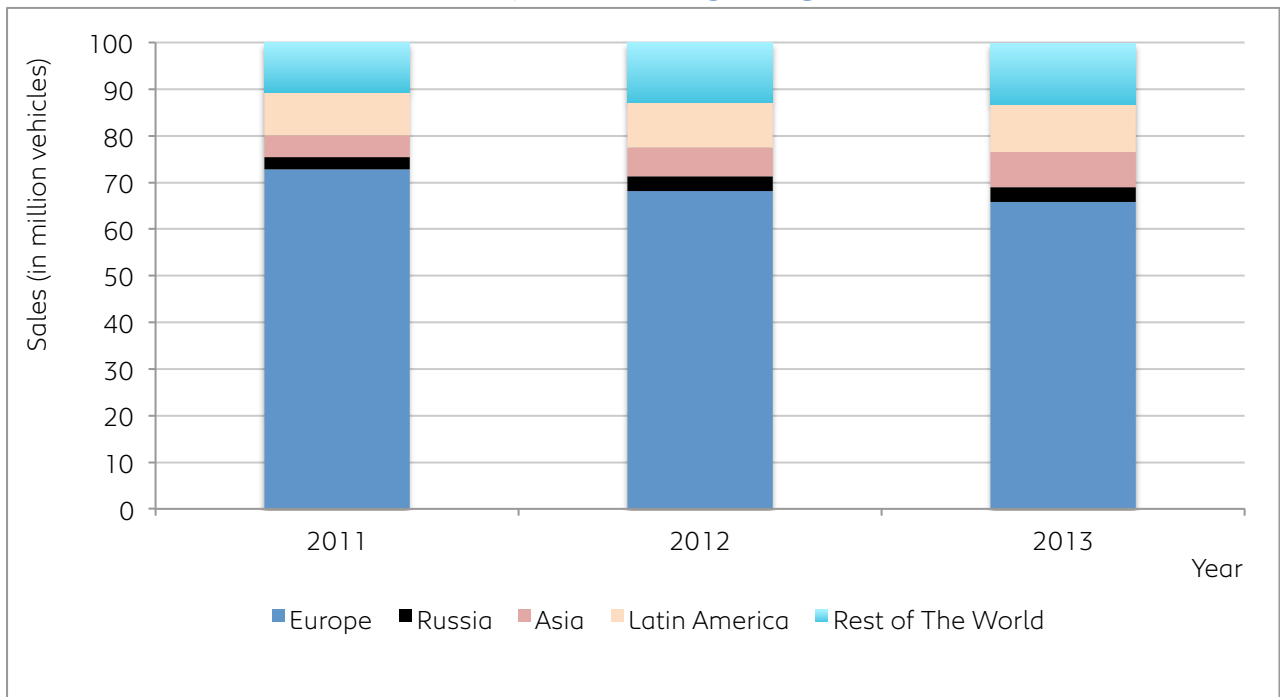
(ACAP, Vendas Carros 2012_2013 s.d.)

Exhibit 9 – TOP5 Sales in Portugal (2009-2013)



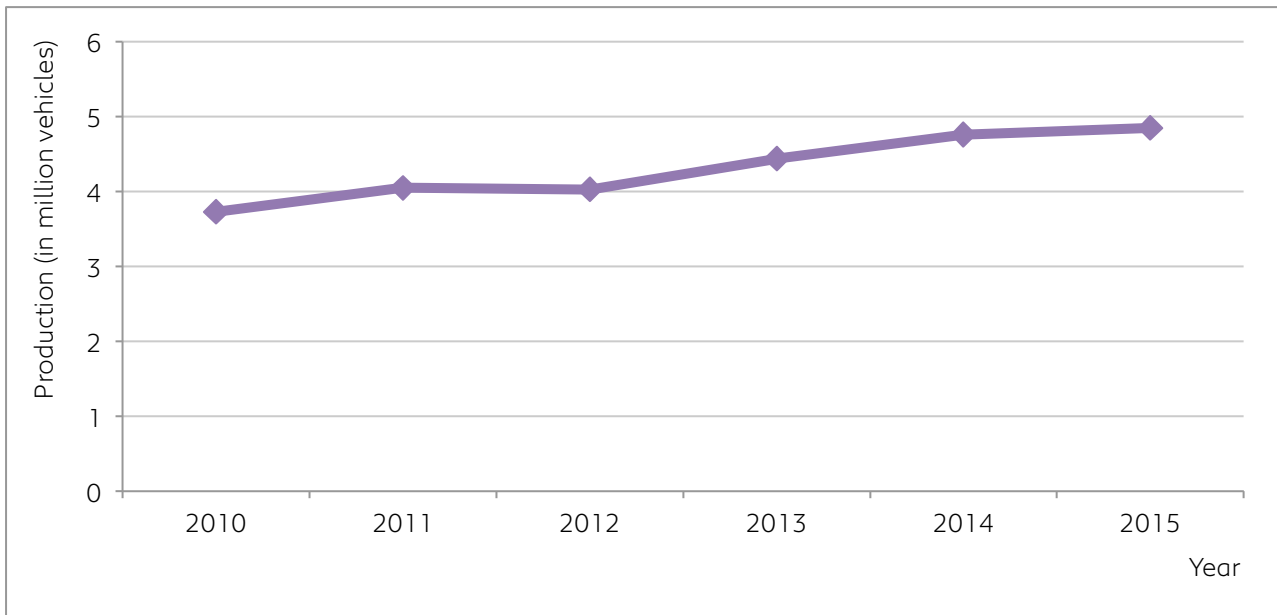
(ACAP, Vendas Carros 2009_2010; Vendas Carros 2011_2012; Vendas Carros 2012_2013 2014, ACAP, Vendas Carros 2012_2013 s.d.)

Exhibit 10 – PSA Group Sales by Region



(Statista.com, PSA Peugeot Citroën's revenue from 2011 to 2013, by region 2014)

Exhibit 11 – PSA Group Production



(Statista.com, Vehicle production forecast for the car alliance PSA Group from 2010 to 2015 (in million units) 2014)

Exhibit 12 – EVs Media Coverage

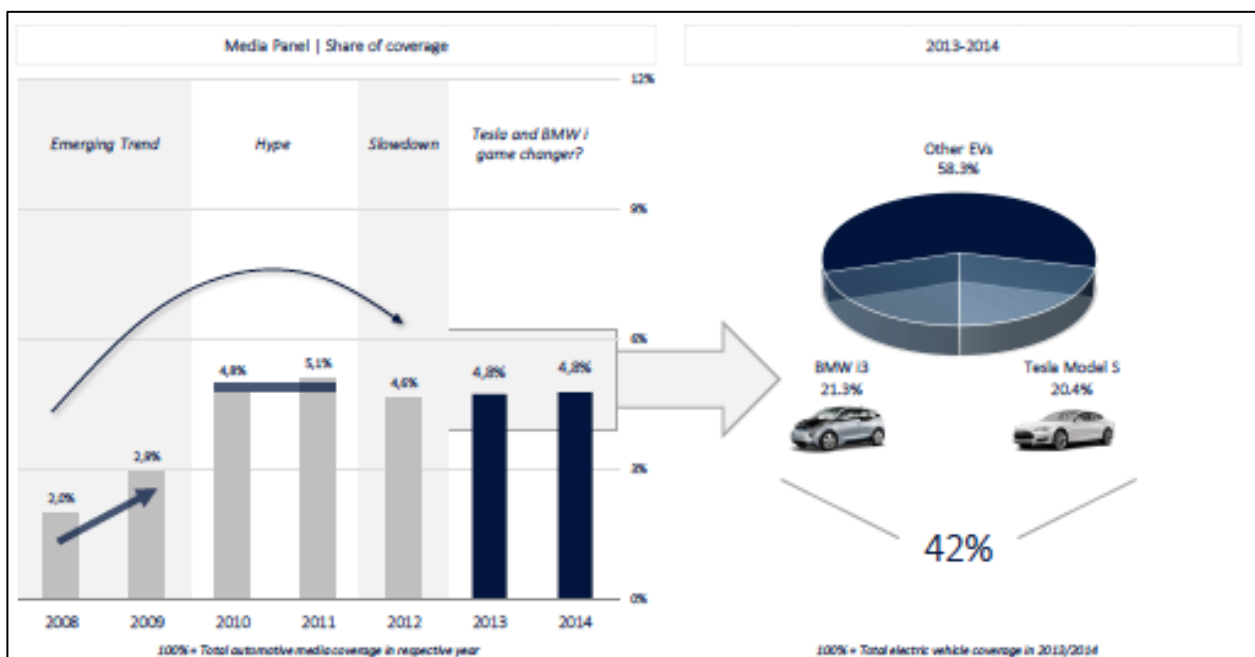


Exhibit 13 – Connectivity Trend Description

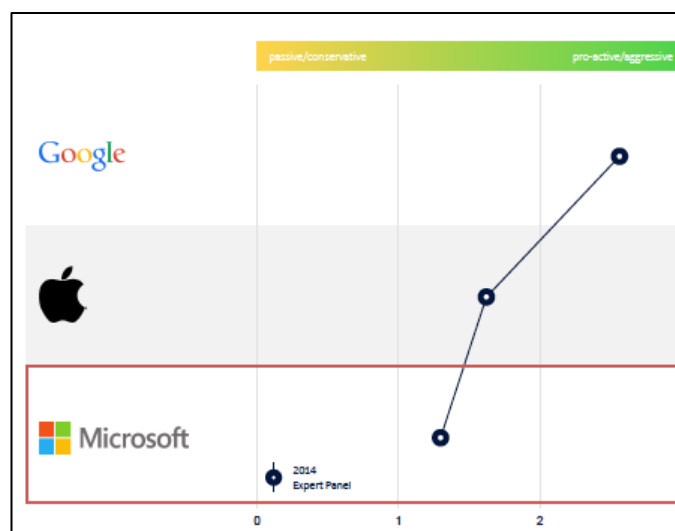
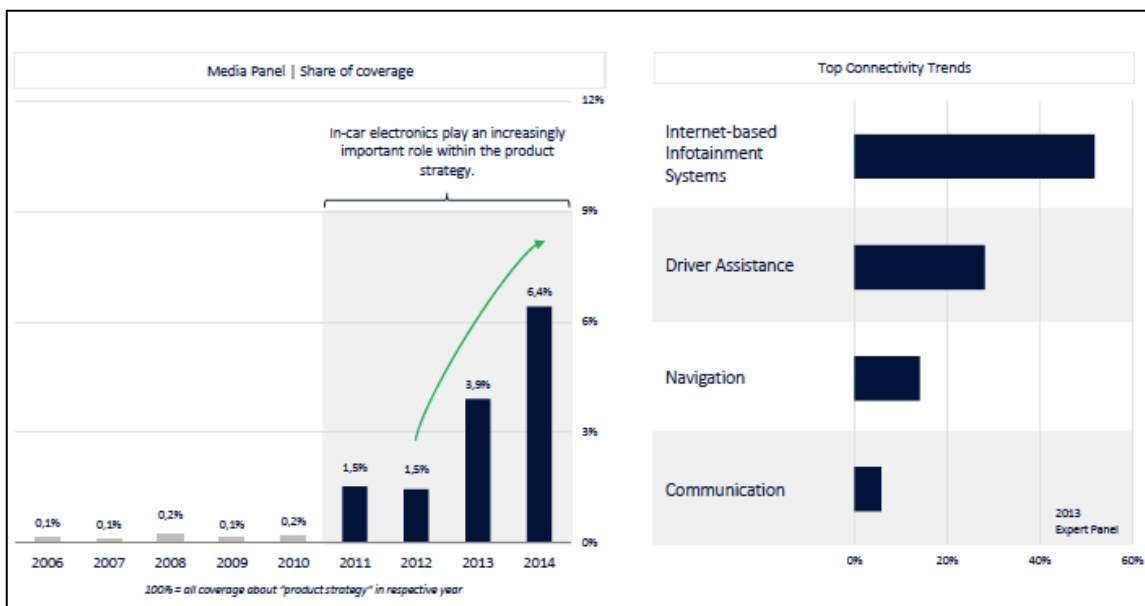
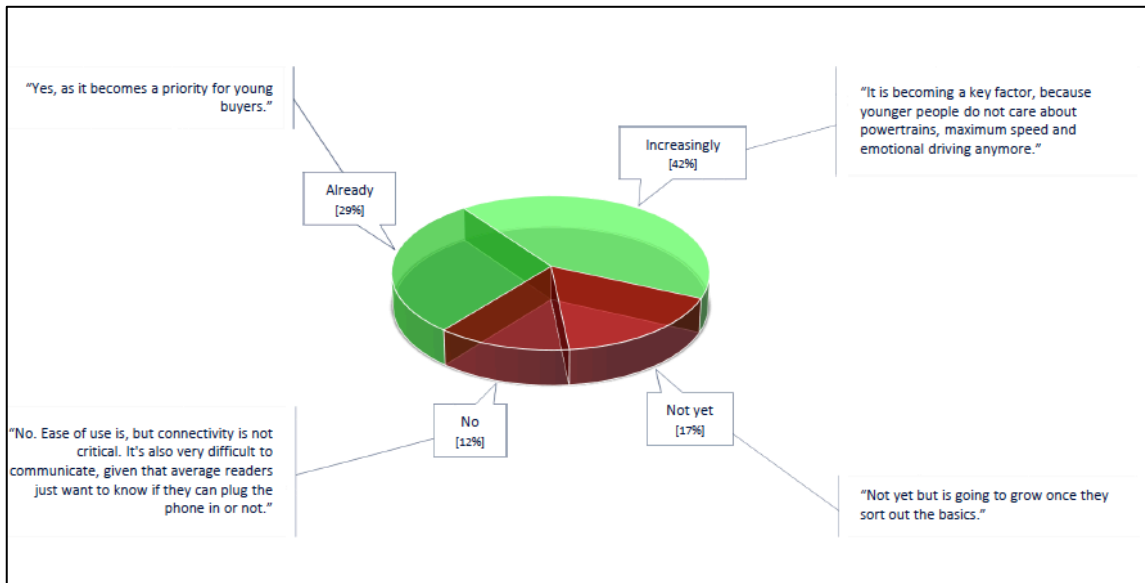


Exhibit 14 – Autonomous Driving Challenges & Acceptance Factors

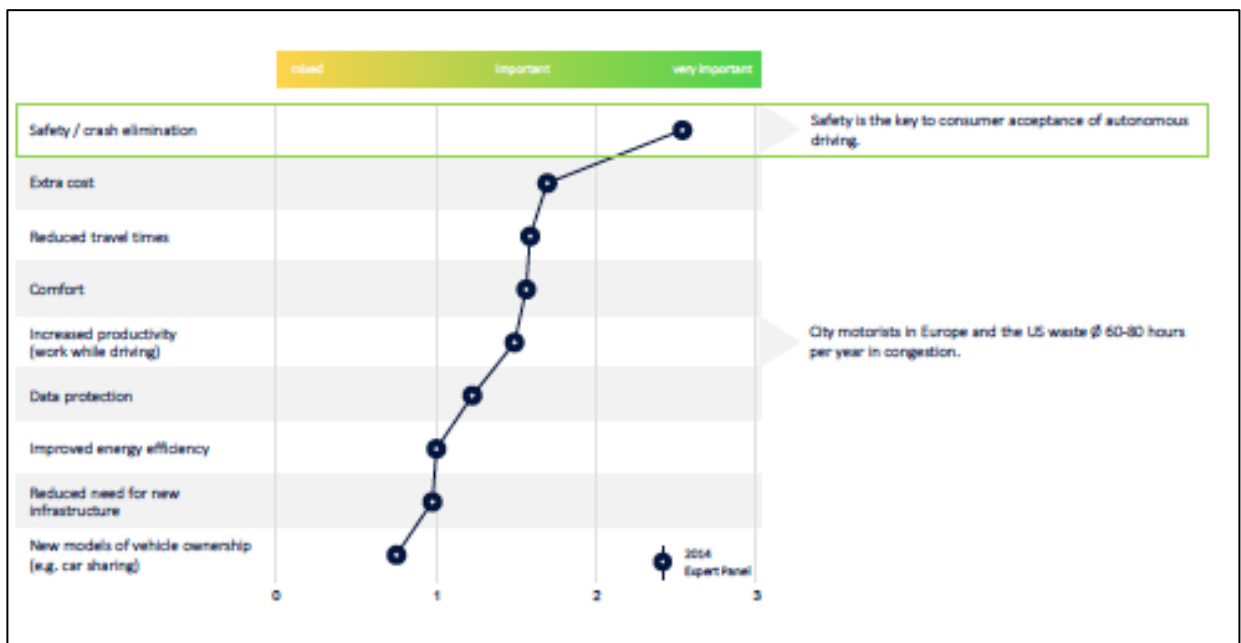
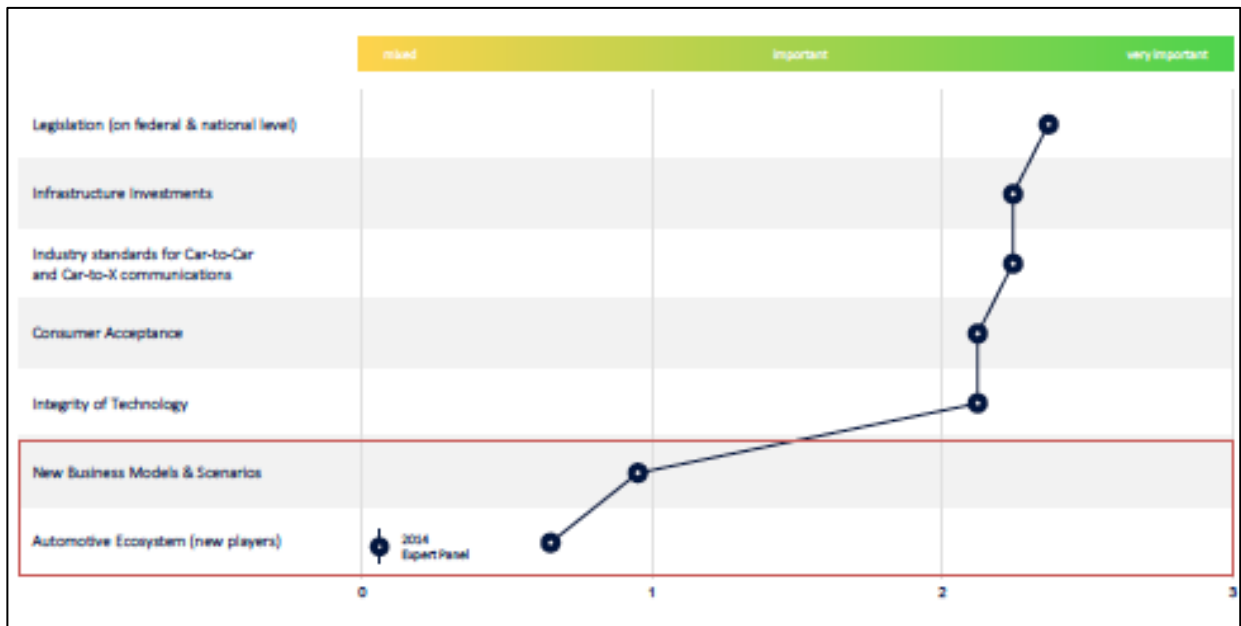


Exhibit 15 – Dealerships' Redesigning Outside Layout



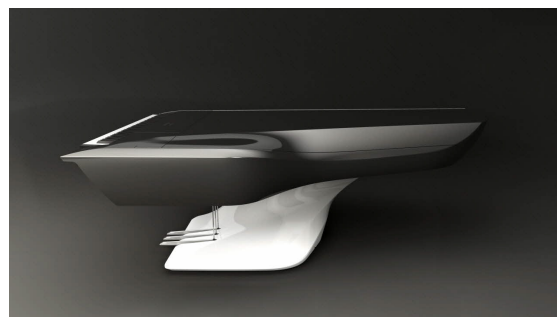
Exhibit 16 – Design Renewal Example & Interior Designing and Equipment Standards



Exhibit 17 – Peugeot Design Lab's Projects

Examples: bike models, decoration objects, jewellery pieces, kitchen utensils, a piano, public transportations' designing, a powerboat, a sailboat, a sofa or surfboards.





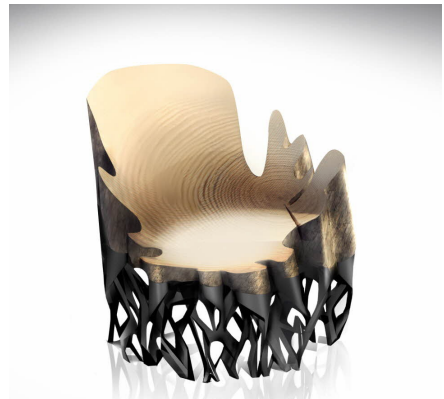
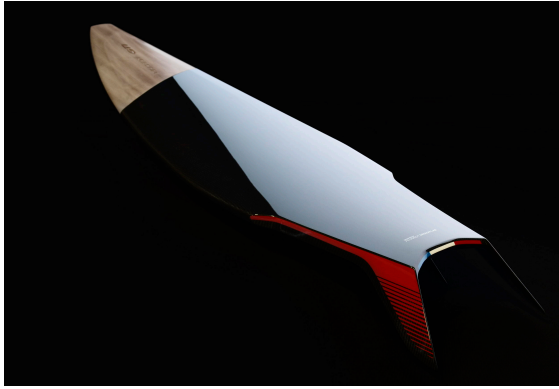


Exhibit 18 – Volkswagen vs Peugeot's Product Range In Portugal (competition models)

Volkswagen		Peugeot	
Model	Price	Model	Price
		iOn	30,390,00€
Up!	10.949,80€	108	11.700,00€
		108 TOP!	12.900,00€
Polo	14.900,52€	208	13.330,00€
		2008	16.110,00€
Golf	21.408,48€	308	22.450,00€
Golf Variant	24.494,36€	308 SW	23.400,00€
Golf Cabrio	30.412,19€		
Golf Sportsvan	29.961,81€		
Beetle	23.014,59€		
Beetle Cabrio	27.615,88€		
Scirocco	28.010,77€	RCZ	31.680,00€
Eos	34.303,64€		
Passat Limo	32.251,42€	508 Berlina	30.735,00€
Passat Variant	33.888,80€	508 SW	32.065,00€
CC	41.000,88€		
Phaeton	109.024,82€		
Sharan	32.195,90€	5008	28.255,00€
Tiguan	27.507,38€	3008	28.735,00€
Touareg	85.619,80€		

(Peugeot 2014) (Volkswagen 2014)

Exhibit 19 – Practised Prices By Premium Competition (Compact Familiar Segment)






Model	Price
	Audi A3 1.6TDI 110 hp 27.410,00€
	BMW 1-Series 116d 116 hp 31.910,00€
	Mercedes A-Class 180CDI 109 hp 28.200,00€
	Peugeot 308 1.6e-HDi 115 hp 24.700,00€
	Volkswagen Golf 1.6TDI 110 hp 25.830,54€

Exhibit 20 – Existing Peugeot's Concept Store (Peugeot Avenue, Paris)





Exhibit 21 – PEUGEOT CITY Lisboa Concept Store



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