



# **NEAR EAST UNIVERSITY**

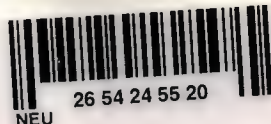
**BUS 400**

BA (86)  
Referenced  
Conclusion

## **BUSINESS POLICY, AND STRATEGY OF ETİ AND OYAK RENAULT BRANCH**

**Submitted to : Prof Dr. Mevlüt Çağlar**

**Submitted by : Yusuf Birinci (90010)**



## **BUSINESS POLICY AND STRATEGY OF ETI**

### **INTRODUCTION**

Efforts to establish ETI began in 1961. It was registered as a company on the December 1963 but could not function due to the problems in 1963. ETI began their commercial activity in the first month of 1972. The main purpose of establishing RTI was to help the Turkish community to stand against the economic embargoes imposed by the Greeks. ETI carried out their responsibilities until 1974 when the Peace Operation took place and then the Turkish Cypriots were saved. As a state owned enterprises, ETI still functions effectively in the strategic products, and they try to stabilize and regulate the market in North Cyprus.

### **ORGANIZATIONAL STRATEGY**

ETI consist of Centrally organized centre with Accounting section, buying, personnel and market research center. There are many branches of ETI who function independently.

#### **1. GIMAŞ**

This is the one of the biggest branches of the ETI. Gimaş deals in buying and selling all the food products. They import or buy food stuff from the internal market, at aim to hold the price level in the market as low as possible. Plans of Gimaş for the 1996 is to buy 210 billion TL worth of goods, and sell 300 million worth of goods. They





expect to have 46 million TL costs of operation and 90 billion TL profit.

## **2. TEMPAS**

This branch is the sole distributor of the products of the Cyprus Turkish Tobacco Industry, and also distributor of the TEKEL. They distribute cigarettes and alcoholic drinks. They are also the sole agents of famous Scotch Whiskies Vat69 and Dewars. This branch is planning to import 130 billion TL and sell 160 billion TL, making a gross profit of 27 billion. They estimate their cost for 1996 as 18 billion.

## **3. CHEMICAL BRANCH**

The chemical branch is a major importer of chemicals and medicine and also instruments for hospitals. This branch is planning to import 60 million TL worth of goods and sell 80 billion TL of goods, making a 20 billion TL gross profit. Operational costs are expected to be in the region of 10 billion Turkish Lira.

## **4. DUTY FREE SHOPS**

ETI has duty free shops in Ercan airport, Magosa and Kyrenia sea ports. Duty free shops are a large branch in revenue and also profit. The major problem and a limiting factor in this field is the small size of the shops. Duty free shops are expected to make purchase of 200 billion TL and sales of 400 billion TL, with a gross

profit of 200 billion TL. Cost in the 1996 is expected to be in the region of 28 billion TL. The major costs being the personnel salaries.

## 5. OYAK RENAULT

One of the major activities of the ETI is in the car dealership. ETI is one of the major importers of the Oyak Renault of Turkey. Along with the service and sales department the volume of this business exceeds 400 billion TL of turnover, with a gross profit of over 50 billion.

As one of the most important branches, we will look into the Car branch of ETI in more depth.

Renault is the second biggest car manufacturers and one of the best known brands in Turkey. ETI is one of the three agents and dealers of Renault in TRNC. The others being the Raşit group and Toprakçı. Thirty two percent of the cars sold every year are made at Renault factories. The pioneers in automobile industry in Turkey. Until 1994 the car industry grew very fast. Early nineties were the golden years. The sales increased about 40 percent in 1993 compared with the year before. But 1994 was the year for crises in Turkey. In parallel with the economic difficulties in general, car sales dropped by 43 % in this year. 1995 however was a better year, since the car manufacturers found their way of exporting. There is a



boom in exports in the first 10 months of this year and also an increase in production.

### **5.1 PRODUCTION STRATEGY OF RENAULT**

ETI has not any say on the production strategy of the Renault of Turkey. Renault, as one of the biggest car manufacturers of the world works with high technology. It is a French trade mark. Renault of Turkey, in the first years of cars production was manufacturing old models of Renault of France. After the liberalization of the Turkish economy, in the beginning of the eighties, the Turkish markets opened for competition. Today, latest models of Renault are manufactured and export activities are intensifying.

### **5.2 COMPETITION AND MARKETING STRATEGIES**

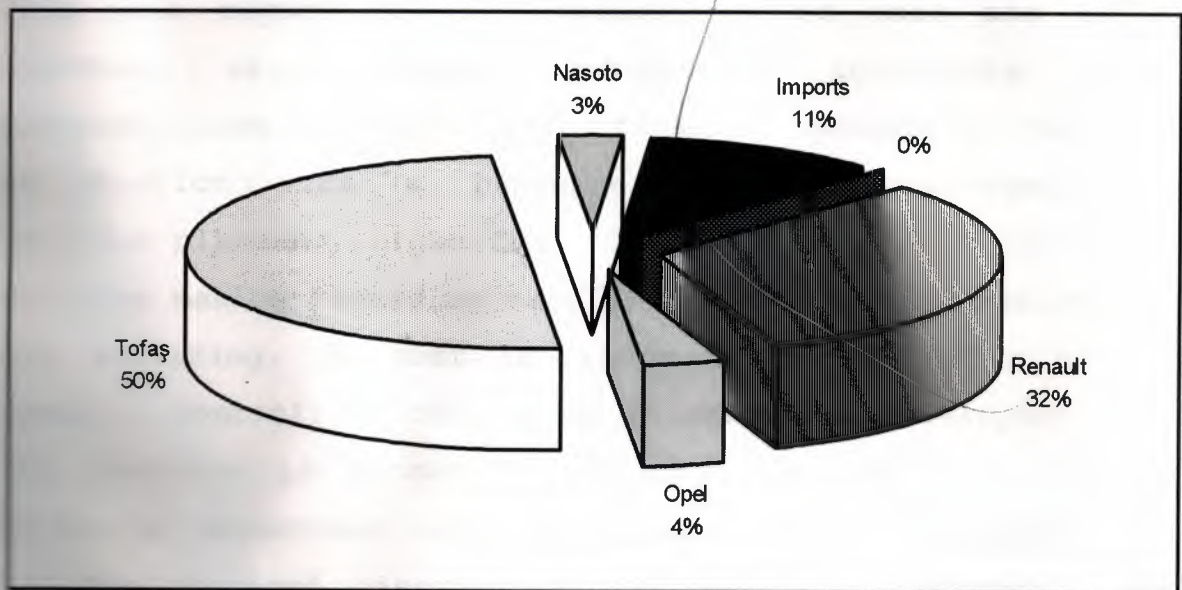
ETI is only one of the importers of Renault cars in TRNC Raşit Holding and also Toprakçı trading company are also importers of Renault. Main competitors of Renault, before opening the Economy were the locally produced cars. But today Renault is competing with all the world trades marks.

Main competitors amongst the locally produced cars are the Ford and Tofaş. Renault Cars, are the largest variety in price and models it is due to this that they are one of the best sellers in Turkey. In the past the

only competition was between the local producers. But as the economy of TRNC is opening up, the automobile sector has to compete with the world. In coming years, the number of the car manufacturers is expected to increase.

When we look into international competition we can see that, As the 1980s began, auto makers were under intense competitive pressure, primarily from the Japanese who, in 1980, for the first time produced more vehicles than the Western auto makers. They did so again in 1981.

Market share as per model



### 5.3 MARKETING STRATEGIES

Main Renault company of Turkey has 7 branches, 207 agents working under the control of general management,



102 agents with services and some sub-branches as shown in the table below.

Marketing is the activities involved in getting cars from the producer to the consumer. The producer is responsible for the design and manufacture of cars. In large corporations such as Renault, the marketing functions precede the manufacture of a cars. They involve market research and cars development, design, and testing.

Marketing concentrates primarily on the buyers, or consumers, determining their needs and desires, educating them with regard to the availability of cars and to important cars features, developing strategies to persuade them to buy, and, finally, enhancing their satisfaction with a purchase. Marketing management includes planning, organizing, directing, and controlling decision making regarding cars lines, pricing, promotion, and servicing. In most of these areas marketing has complete control; in others, as in cars-line development, its function is primarily advisory. In addition, the marketing department of a business firm is responsible for the physical distribution of the cars, determining the channels of distribution that will be used and supervising the profitable flow of cars from the factory or warehouse.

Sales network	1992	1993	1994
BRANCHES	7	7	6
AGENTS	207	260	297
SALES POINT WITH SERVICES	102	54	16
SUB-AGENTS	2	2	2
AGENTS IN TRNC	3	3	3
TOTAL	321	326	324

Sales Network of Renault.

### **Appointment of Agents**

It is not easy to become an agent of Renault since it is one of the most popular car producer of Turkey. Prospective agents must fulfill the following conditions and basic requirements in order to be considered eligible;

There must be no other agent in the region, and new agent will not effect the business of the other established agent.

1. Prospective agent must have the appropriate premises,
2. They must be financially sound and trustworthy.
3. They should be able to sell and service in the quality way. Once an agency is obtained then the building must be decorated as to the standards of Renault .All the



Renault agents have the same standard of shop-front, fully computerized, and fully furnished.

### **Dealers and Galleries**

Main agents, have group of dealers and galleries that they work with. These are smaller selling units. Dealers and galleries have an important role in car marketing. They are involved in buying and selling used cars. Consumer find it useful to buy their cars, from these places, since they can trade in their used cars.

## **6. SELECTION OF CARS**

There are many factors in deciding to which car to buy. Aspects which effect the decision, are mainly to do with the needs. Cars generally similar in appearance, that is, in style or design, but varying in such elements as size, price, and quality. Cars lines must be intimately correlated with consumer needs and wants in the target markets, and close and careful attention must be paid for the competitive producers and exporters of similar models.

To achieve a line effectively, marketing research is conducted to study consumer behavior. Changing attitudes and modes of living directly affect the salability of cars. The availability or lack of disposable income, meaning income over and above that spent for basic

necessities such as food, shelter, and clothing, affects the buying pattern for so-called luxury cars. Similarly, the purchase of durable or long-lived cars, may be deferred when the economy is declining and may increase rapidly in periods of prosperity. Staple cars, such as food and clothing, tend not to be seriously affected by the business cycle.

### 7. Pricing the Cars

ETI is not alone in the market. There are other importers of Renault, and also other brand of cars. ETI has to compete with all of these. There are two basic components which affect car pricing, which are costs of manufacture and competition in selling. It is unprofitable to sell a car below the manufacturer's production costs and unfeasible to sell it at a price higher than that at which comparable merchandise is being offered. Other variables also affect pricing. Company policy may require a minimum profit on new car lines or a specified return on investments, or discounts may be offered on purchases in quantity.

Special attention must be paid in international marketing, so as to be in line with the competitors from the other countries.

## 8. PROMOTION

Promotion of Renault cars made mainly by the main Renault company of Turkey. ETI is also involved in promotional activities. They sponsor some sports activities, and also use advertising as a promotional tool.

The primary objective of advertising is to presell the cars, that is, to convince consumers to purchase an item before they actually see and inspect it. Most companies consider this function so important that they have allotted extensive budgets and engaged special advertising agencies to develop their program of advertising. By repeatedly exposing the consumer to a brand name or trademark, to the appearance or package of a car, and to special features of an item, advertisers hope to incline consumers toward a particular car. Advertising is most frequently done on television, radio, and billboards; in newspapers, magazines, and catalogs; and through direct mail to the consumers. In recent years, advertising agencies have been joining forces to become giant agencies, making it possible for them to offer their clients a comprehensive range of worldwide promotion services.

Salespeople are now used primarily where the cars are complex and require careful explanation or customized application. For example, in the typical automobile sale, the salesperson's activities generally center on negotiating price and arranging terms of payment.



Purpose of sales promotion is to supplement and coordinate advertising and personal selling; this has become increasingly important in marketing. Often it is necessary to work closely with the dealers who handle a manufacturer's cars if the cars are to move satisfactorily. Displays must be supplied and set up, and cooperative advertising programs may be worked out. Store clerks should be trained in a knowledge of the manufacturer's cars. Often the manufacturer must provide services such as installation and maintenance for a specified time period. On the consumer level, sales promotion may involve special inducements such as discount coupons, contests, a premium with the purchase of a car, or a lower price on the purchase of a second car.

#### 9. PRICES OF TURKISH CARS IN APRIL 1995

MODEL	PRICE/TL
FORD ESCORT 1.8 CLX	851,900,000
<b>RENAULT 19</b>	<b>851,455,000</b>
TEMPRA	845,000,000
FORD ESCORT SEDAN	819,900,000
TEMPRA SX	770,000,000
<b>RENAULT 19 RT</b>	<b>764,460,000</b>
FORD ESCORT H/B	709,900,000
TEMPRA SW	695,000,000

TEMPRA SX A	679,000,000
FORD ESCORT CLX SEDAN	671,900,000
<b>RENAULT 9 FAIRWAY CA</b>	<b>648,695,000</b>
<b>RENAULT 19 RN 1.4</b>	<b>637,050,000</b>
TEMPRA SX	630,000,000
TIPO SX	620,000,000
TEMPRA S	590,000,000
FORD ESCORT 1.6 CL H/B	579,000,000
TIPO S	550,000,000
FORD ESCORT 1.6 CL SEDAN	539,000,000
<b>RENAULT 9 FAIRWAY</b>	<b>529,505,000</b>
<b>RENAULT 9 BROADWAY</b>	<b>515,805,000</b>
<b>RENAULT 9 SPRING PO</b>	<b>493,200,000</b>
<b>RENAULT 9 SPRING</b>	<b>480,870,000</b>
KARTAL SLX	468,000,000
DOĞAN SLX	442,000,000
<b>RENAULT 12 TSW</b>	<b>434,290,000</b>
DOĞAN S	413,000,000
KARTAL	385,000,000
UNO S	385,000,000
<b>RENAULT 12 TX</b>	<b>378,120,000</b>
ŞAHİN	370,000,000

#### 10. TURKISH CARS SOLD IN TRNC IN 1995

TRNC is a main importer of Turkish Cars. Sales figure in TRNC can give a good indication of the popularity of the different brand of cars:

#### TURKISH CARS SOLD IN TRNC IN 1995

BRAND	QUANTITY
ESCORT	328
OPEL	69
<b>RENAULT</b>	<b>1365</b>
TOFAŞ	1306

#### 11. AFTER SALES SERVICES

One of the most important aspects directly effecting the sales of cars are the guarantees and after sales services.

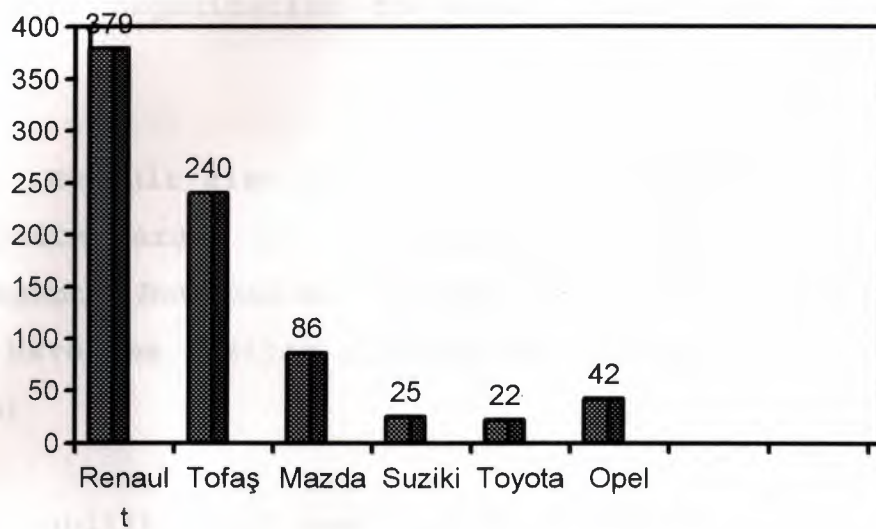
**GUARANTEES:** Renault cars are guaranteed for certain periods of time for parts and repairs. This is to show the confidence in the products. This leads to confidence of the consumer. Cost of guaranteeing is only 0.5% of total income from sales. So, this can be considered a reasonable cost for building up the confidence in the name.





### Renault Service Garages:

Renault has the biggest servicing capacity in TRNC. Although they are behind in sales with Tofaş, they are number one in services.



### 12. AFTER SALES SERVICES

Selling the car does not finish the work of the company like most of the commodities. Consumers are very careful in selecting a brand, which has a good servicing facilities. Specially in car business, after sales services are very important part of the business. There are different policies of different brands, in after-sales services. There is a competition in this aspect as

well. For example, one of the main manufacturers has designed a system where they take the service to the foot of the car users of that brand. They promise help during travel between cities.

ETI Renault is taking the after-sales services very seriously. For that reason, they have established a totally new organization to achieve the best services possible.

ETI Renault also have a service garage. There might be a service garage of Renault which may not necessarily be an agent. But whichever the case, all the service garages have the similar appearance and are set with full equipment.

Availability and reasonability of the service and spare parts are very important. It is infact one of the decisive points in choosing the brand of the car that one wants to buy.

#### **SPARE PARTS**

Spare parts are a big part of the car industry. It is these parts that make up the car.

A car is made of thousands of small parts. Manufacturing, transporting, and stocking of the spare parts are a difficult task.

Renault has a totally different organization in spare parts which is run under the management of Renault Mais.

Renault Mais spare parts organization operates with more than 200 representative agents all over the Turkey. Its target responsibilities are :

- \* To build up the confidence of the clients
- \* Be reasonable and competitive in price
- \* Give fast and effective services
- \* Provide the original parts.

There are four different representation system in Spare parts,

- Simple spare parts shop,
- Agents of Renault ,
- Service garages
- Distributors



**Sales and warehouse Management:**

There are certain important points that are required from the agents of Opar. We can summarize these as follows;

- a) Premises must be sufficient to stock enough spare parts,
- b) There must be enough spare parts in variety and in quantity
- c) Enough personnel,
- d) Necessary equipment to handle the delivery, and dispatch,
- e) vehicles for transportation
- f) Suitable shop-front,
- g) Communication equipment and means of dialogue.

Spare parts sale activities are supported by a well organized catalogue. All the parts are listed in the catalogue, and are numbered.

Computers are used extensively to keep control of stocks, and accounts with customers.

Parts are supplied in two ways. Normal supplies, which are orders placed by agents, and urgent supplies. Urgent supplies are not in the ordinary order list and they are unexpected needs of the client.

ETİ (ENDÜSTRİ, TİCARET VE İŞLETMECİLİK) TEŞEBBÜSLERİ LTD.

31 ARALIK 1995 TARİHLİ BİLANÇO

		1995	1994
	Not	TL	TL
Sabit Kıymetler	3	51,524,124,880	10,830,286,667
Tabi Şirketler	4	1,498,500	1,498,500
İçtirakler	5	5,091,242,380	91,242,380
		<u>56,616,865,760</u>	<u>10,923,027,547</u>
Cari Aktifler:			
Stoklar	6	204,297,700,878	73,955,469,871
Borçlular	7	71,571,733,587	33,340,076,298
Bankada ve Elde Mevcut Para	8	24,499,277,367	14,133,867,028
		<u>300,368,711,832</u>	<u>121,429,413,197</u>
Cari Pasifler:			
Banka Borçlari	9	189,707,088,119	13,576,767,564
Krediler	10	26,971,000	26,971,000
Alacaklılar	11	84,723,343,090	40,580,878,665
Vergi	12	13,399,309,679	14,376,696,671
Kidem Tazminatı Provizyonu		60,619,733,855	35,801,706,441
		<u>298,476,445,743</u>	<u>104,363,020,341</u>
Net Cari Aktifler:		1,892,266,089	17,066,392,856
Net Aktifler		<u>58,509,131,849</u>	<u>27,989,420,403</u>
Sermaye ve İhtiyatlar:			
Sermaye	14	6,698,791,980	6,698,791,980
İhtiyatlar	15	51,810,339,870	21,290,628,423
		<u>58,509,131,850</u>	<u>27,989,420,403</u>

ETİ ENDÜSTRİ, TİCARET VE İŞLETMECİLİK) TESEBBÜSLERİ LTD.

1995 YILI KAR VE ZARAR HESABI

	1995	1994
	TL	TL
Satışlar ve Hizmet Gelirleri	1,171,606,854,332	599,597,499,660
Satışların Maliyeti	(874,344,100,922)	(459,539,041,762)
Brüt Kar	297,262,753,410	140,058,457,898
Pazarlama Giderleri	(4,439,273,082)	(1,463,232,635)
İdari Giderler	(180,441,960,913)	(88,896,965,754)
Faaliyet Kari	112,381,519,415	49,698,259,509
Sair Gelirler	3,847,440,296	1,028,085,686
Faiz Geliri	110,934,477	1,001,085,315
	116,339,894,188	51,727,430,510
Finansman Giderleri	(45,298,708,914)	(9,187,315,673)
Vergi Öncesi Faaliyet Kari	71,041,185,274	42,540,114,837
Vergi	(37,130,394,777)	(24,798,398,432)
Vergi Sonrası Faaliyet Kar	33,910,790,497	17,741,716,405
Geçmiş Yıllardan Devrolunan Kar	40,628,423	11,878,298
	33,951,418,920	17,753,594,703
Tevziat:		
Genel İhtiyata	30,500,000,000	14,800,000,000
Önerilen Temettü	-	1,138,794,637
Personel Primleri	3,391,079,050	1,774,171,640
	33,891,079,050	17,712,966,277
İleriki Yıla Devrolunan Kar	60,339,870	40,628,426