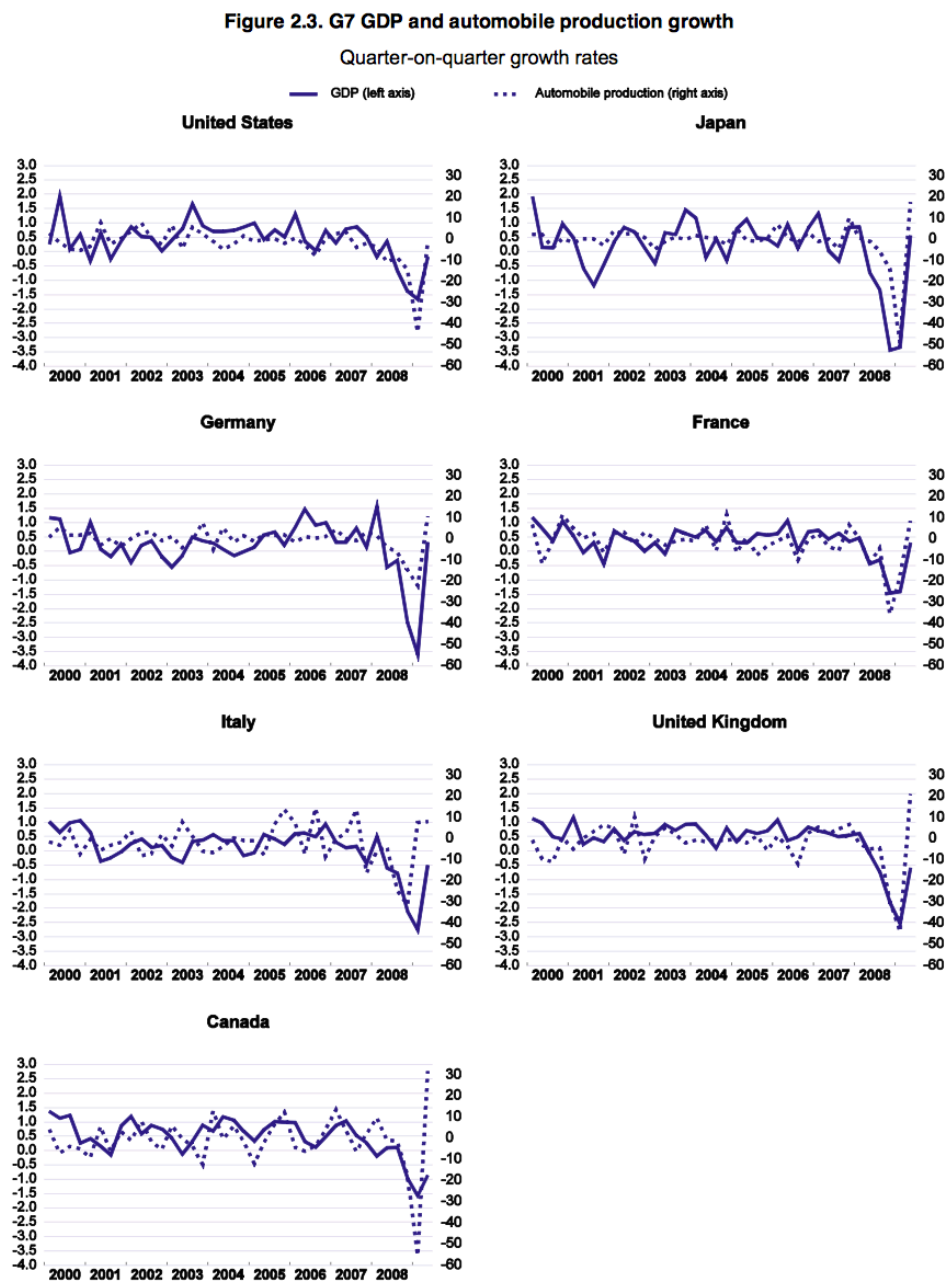


Appendices

Appendix A

GDP and production growth between 2000 and 2008 in the automobile industry



Source: Bundesbank; ISTAT; INSEE; Datastream; OECD Economic Outlook 86 database; OECD, Main Economic Indicators database.

Appendix B

Bloomberg extract depicting the evolution of share prices between 1999 and 2017.

Figure B1: Evolution of Mazda Motor share price.

MAZDA MOTOR Equity HP Related Functions Menu Message									
7261	JP	¥	↓ e	1429.5	+13	1429.5 / 1430.5	26100 × 3500		
At	2:00	d	Vol	3,881,100	0	1428T	H 1444T	L 1428T	Val 5.568B
7261 JP Equity 90 Export 97 Settings Page 1/1 Historical Price Table									
Mazda Motor Corp									
Range	12/31/1999	-	12/29/2017	Period	Yearly	High	25.88272	on	12/29/06
Market	Last Price	-	Volume	Currency	EUR	Low	5.84351	on	12/31/08
View	Price Table								
	Date	Last Price	Volume	Date	Last Price	Volume	Date	Last Price	Volume
	12/29/17	11.16787	1,450,000,000						
	12/30/16	15.54216	2,070,000,000						
	12/31/15	19.17969	1,890,000,000						
	12/31/14	20.15802	2,060,000,000						
	12/31/13	18.75728	5,080,000,000						
	12/31/12	7.64399	1,930,000,000						
	12/30/11	6.81506	915,970,000						
	12/31/10	10.74607	945,500,000						
	12/31/09	8.00219	866,620,000						
	12/31/08	L 5.84351	555,530,000						
	12/31/07	16.81216	367,060,000						
	12/29/06	H 25.88272	341,860,000						
	12/30/05	19.34182	308,120,000						
	12/31/04	11.45669	216,550,000						
	12/31/03	10.69331	208,360,000						
	12/31/02	8.86232	215,680,000						
	12/31/01	10.04511	130,620,000						
	12/29/00	13.56155	110,440,000						
	12/31/99	22.10679	68,930,000						

Note: Closing share price. Adapted from Bloomberg (2018). Copyright by Bloomberg in 2018.

Figure B2: Evolution of Kia Motors share price.

KIA MOTORS CORP Equity HP Related Functions Menu Message									
000270	KS	KRW	C	32850	+250	32850 / 32900	3709 × 4107		
On	12	Jun	d	Vol	883,302	0	32750P	H 33750P	L 32700P Val 29.301B
000270 KS Equity 90 Export 97 Settings Page 1/1 Historical Price Table									
Kia Motors Corp									
Range	12/31/1999	-	12/31/2018	Period	Yearly	High	44.56615	on	12/31/11
Market	Last Price	-	Volume	Currency	EUR	Low	3.58223	on	12/31/08
View	Price Table								
	Date	Last Price	Volume	Date	Last Price	Volume	Date	Last Price	Volume
	12/31/18	25.84644	117,740,000						
	12/30/17	26.16164	240,830,000						
	12/31/16	31.05809	236,280,000						
	12/31/15	40.91754	298,760,000						
	12/31/14	39.23472	270,870,000						
	12/31/13	38.53287	382,510,000						
	12/31/12	40.03918	432,090,000						
	12/31/11	H 44.56615	800,560,000						
	12/31/10	33.76276	1,090,000,000						
	12/31/09	12.00759	1,640,000,000						
	12/31/08	L 3.58223	1,200,000,000						
	12/31/07	7.33769	592,040,000						
	12/30/06	10.98877	565,320,000						
	12/31/05	22.21251	492,680,000						
	12/31/04	7.67447	318,830,000						
	12/31/03	7.26186	346,460,000						
	12/31/02	7.03463	418,800,000						
	12/31/01	7.57825	337,020,000						
	12/30/00	6.1018	266,660,000						
	12/31/99	6.1748	241,640,000						

Note: Closing share price. Adapted from Bloomberg (2018). Copyright by Bloomberg in 2018.

Figure B3: Evolution of Suzuki Motor share price.

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Note: Closing share price. Adapted from Bloomberg (2018). Copyright by Bloomberg in 2018.

Appendix C
Interview Transcripts.

C.1 Interview 1: Mazda Motor BELUX.

Interviewee Name: Matthias Sileghem.

Interviewee Position: Managing Director of Mazda Motor BELUX.

(Start of Interview)

Interviewer: To give you a little introduction to the subject. The research is based on the Belgian automobile business but is not limited to this market. In other words, a part of the analysis will consider the consolidated global financial statements of Mazda and so it is considered to a global extent as well. The research is based on gauging an ideal set of commercial and financial recommendations forming a strategy that firms can turn to in times of recession to maximize their performance. I want to have a coherent and elaborate set of recommendations that firms can readily follow during the next recession.

Interviewee: Okay no problem.

Interviewer: How did the last recession impact Mazda?

Interviewee: It impacted it quite badly because one of the shareholder's, which is Ford Motor Company, which was a 33% shareholder, sold from day-to-day a large part of the stake that they had because the recession hurt more Ford at the time than Mazda. The thing is that Mazda needed to find urgently a huge amount of money which means that the debt increased drastically. So it was not a stable situation for Mazda. There was more impact due to the change of ownership and the means to get the money. Having huge debt at that time and seeing how to handle that made Mazda's situation different to the other companies in the sector. It was a double problem. The market collapsed, there was the crisis and on top of that there was a need to find new shareholders and see how they could reassure these new shareholders. The new shareholders were basically Japanese banks. It is an interesting exercise to see how they handled that because they could at that time, 2008, they could have at that time looked for other major alliances with car companies (like Fiat).

Interviewer: Interesting you say that, do you think it would have helped?

Interviewee: No and we are not very happy that we didn't. At that time, for a short period of time, yes it would have helped. But longer term if you see what the potential alliances Mazda could have had at the time, like GM, well GM is selling everything that is not their core business or their core territory and so now 10 years later we can see that that would not have been a good alliance. However finally, there is a new alliance with Toyota where they understand each other better than with American or maybe European companies from a cultural perspective.

On the other hand, it obliged Mazda to search for its own direction in product development and in positioning and they were not dependent on an external shareholder in the business who position each brand in the Mazda portfolio in a different way. The positioning would have been dependent on the shareholders and not of Mazda. The problem they had with Ford is that they lost their identity a little but they ultimately took it back by being independent.

You see that with most car brands, and Ford is actually a good example because they owned Volvo, Landrover and Jaguar but remained relatively independent and maintained their own direction. All three are doing well meaning that having this consolidation in one automotive group is maybe not the best thing that could have happened. Having an independence within a larger group was maybe a better solution.

Interviewer: What strategies would you follow and communicate to Mazda Japan when the next recession comes around?

Interviewee: I think in the car industry it still goes a lot with the product. The focus is much more on the product along with the services and loyalty and so on. It all starts with the product. The way Mazda is going is maybe different to other brands in that it is clearly seeking its own direction in design and technology, so R&D. Really going their own way having most probably a unique position in the market in a couple of years' time because these cars are going to be put out in the next years.

Not following what other brands do as they are focusing mainly on the development of electric cars where I personally believe that there will be other players coming onto the market with electric vehicles. I think because the technology development is maybe not so extremely difficult. You need sources, development of electrical vehicles but it means that some new players, Chinese players, can come to the market not having extreme technological differences as they have today for traditional vehicles where they are technologically behind and it's very

difficult to catch up. Whereas for EV's they are basically already on the same level and that is a risk of orientating everything on EV's.

Interviewer: Yes brands like BMW as well believe that very much in that they want to pool together, through strategic alliances, through M&A's, they think that they need to spread the risk.

Interviewee: Yes exactly.

Interviewer: Would you consider diversifying, potentially through strategic alliances, your product offering in a period of recession?

Interviewee: That is what Mazda is planning to do now for example with Toyota. The partnership is around R&D and specific developments which are needed to evolve in a certain direction without harming the individual brand positioning and brand development of the two brands. With everything that is technologies with connected cars, which will be a big source of revenue at a certain moment because we can connect cars which will improve loyalty because as a dealer or as a brand you know what is happening. You have all the data that you can work on but it's also services that you can commercialize at a certain moment these new sources of revenue. The development of these technologies is done commonly but the rollout will be different from brand to brand. So there you need strategic alliances probably to do so.

Interviewer: Would you use recessions as a chance to diversify your products? Would you look to make investments as the prices are low or would you not take the risk?

Interviewee: It's a good question. Everybody hopes and thinks that the recession will end at some point. So the thing is should we be prepared before the recession or should we change investments during a recession having an impact after the recession? Limiting investments during a recession is always dangerous because you may lose competitiveness after the recession. If there is a recession, how do you handle the financial impact and should it be done by reducing investments? I'm not so sure. Launching new initiatives is a different matter. The question is what other things can you do than producing cars, producing services, seeking alliances etc. I'm not sure that a recession is meant to stop everything.

I think Mazda is quite well prepared for a recession as they're running on full capacity over the past couple of years. So they produce 1.6 million and there's a higher demand than that which makes the situation quite stable. There is no over-production. There is no need for dumping

prices to fill up the factories and that is a stable good news. So if Mazda were to go down from 1.6 to 1.4 million it would not be so dramatic as the demand is higher than the production level.

Interview: Would that then differ from their situation in 2008? What changed between 2007 and now for Mazda?

Interviewee: The difference is that they are not dependent on another shareholder that determines on product development. On product development a lot has changed. Going from mainstream products to more premium products which are more unique than the other ones. They worked strongly on a reform plan keeping costs under control, cost improvement. That makes the company stronger in the case of a recession. Fundamentally that has changed, the company has fundamentally changed and coincidentally did so during a recession. A big reason was the departure of Ford from the shareholder position.

Interviewer: You talked about cost efficiency, is it important to steer away from excessive reactionary cost cutting and veer more towards cost efficiency?

Interviewee: That is why the structural reform plan in Japan was put in which is really a strategic axis that is very important next to product development. I think it's very important to have this already in place. And they were forced to do so because up until last year they were in a negative debt position and now they are in a debt position as it should be (the company is worth more than the debt they have which is a positive signal to the shareholders). It's only possible if you seek cost efficiencies which means that during a crisis you go a little bit further but that will not harm the operations that are ongoing.

Interviewer: Costs still need to be cut however. Which areas do you look at as prime for cutting costs?

Interviewer: I think it will be in your operational costs like marketing. If the market goes down, it is only a recession on the car industry. If there is a financial crisis, there is less demand than right now but it's also a cost-reduction that you can make immediately. Not cutting investments in R&D is something that will help Mazda in 5 years.

Interviewer: Do you not think that marketing could also give an advantage to the firm post-recession?

Interviewer: Marketing is very important or else we would not exist here as a company. Our marketing expenditure is always the same as everyone else's on the market. If we cut by 10%

then the others cut by 10% and our share of voice will stay the same. I don't think that other brands would react differently in saying that they will spend more in marketing to take more competitive advantage. But I think that it depends on how long the crisis takes. I do not believe that we should cut in personnel for example in short-term as that would really hurt the operations.

Interviewer: That would explain why Mazda reporter a higher number of employees during the recession than before it.

Interviewee: Absolutely.

Interviewer: Let us talk about something that does not have too much research behind it: Market signaling. The signals that Mazda could send to the market to signal a positive outlook. What forms of market signaling does Mazda do, if any?

Interviewee: There is not much on our level that we do other than talking about what we sell and do. That is the quarterly press releases that we make with our financial results and forecasts. They are quite in-depth but other than that there is not too much that we do in the market to the public.

Interviewer: Do you think it is something you could do? Would there be an added-value in your opinion of doing this?

Interviewee: That is something we need to do when coming to the market with new unique technologies. For example we're coming to the market with a new petrol engine that no one else on the market has and we are preparing to do a communication about that technology separate from the product launches. We think it's important in the situation that we are today where people understand that we have a unique technology that nobody else has. Everybody talks about EV's and hybrids and our new technology may be a third option. It is something that we need to do talking about our technology.

Interviewer: We can consider for instance Tesla and the fact that their valuation does not match their book value. Do you think that a firm could potentially use market signals to maintain market valuation in periods of recession?

Interviewee: Tesla is a very specific case because they were an outsider entering into the industry and they have a different business model in that they live on cash. It is rare to see on the stock market such hypes that are not based on facts and figures but rather on expectations

and personalities. I think it should be possible or even necessary during recessions to put forward your strong points. Tesla has strong points too, they have unique technology, they were the first ones to do that. That's what they put forward to the market. Also a traditional company should put forward their strong points if there are any that could influence public perception.

Interviewer: We've covered the majority of it now. Is there anything that I maybe did not ask you that could be strategically and financially impactful on recessionary performance?

Interviewee: I think that the car industry is quite vulnerable even without the crisis. There is so much that is going on, whether that's authorities asking for evolutions or customers preferences changing. That combined with the crisis will have a much higher impact on this industry than the way industries that are not changing so much will be impacted. I think it will be important for car brands or the industry to react in another way than what traditionally you would do which is to cut costs.

C.2 Interview 2: Kia Motors BELUX

Interviewee: Eun Seog Jang

Interviewee Role: President of Kia Motors BELUX

(Start of Interview)

Interviewer: I am researching the different commercial and financial strategies that firms in the automobile business can follow to maximize their performance in periods of recession. The interview will center around what Kia Motors did during the 2008 recession and what they are going to do moving forward during future recessions.

Interviewee: Future recessions?! You can say that we are in a recession during this period (in time).

Interviewer: Let's start with a small introduction into the topic. How did the 2008 recession impact Kia?

Interviewee: There was a very big financial crisis. At that time, it was a very tough period, not only for Kia but for the industry as a whole. On the other hand, it was our opportunity at that time. As you have seen, we have grown very fast since 2009 and 2010. A 30%-40% increase in sales because we at that time we had very big difficulties with high volume of stock. It made it very difficult for us but our top management decided to have a strategy that sometimes was very conservative but also sometimes very aggressive.

Still we are one of the brands who has a very small market share. We would not say that we are the leading company in the automotive industry in Europe. We have around 4% market share European-wide. The reason why I told you that that was an opportunity for Kia is that we invested in a new European plant in Slovakia. We had invested in it in 2006 and 2007 and in Europe we started to produce our European design. There was a chance to improve our brand image and so we invested heavily in our brand image, aggressive marketing. Also we managed our stock level in a more careful way and we set a more conservative plan. We invested in our brand image at the time heavily. That was our big milestone at the time.

Interviewer: What was Kia's approach at the time to R&D and to new product releases?

Interviewee: We had already seen the market trend at the time. Passenger cars decreased and SUV's went up which is why we focused on the SUV models by introducing the Sportage and the Sorento. That increased our sales very highly.

Interviewer: So you diversified your product offering. What is it about diversifying in periods of recession, what is the rationale?

Interviewee: The strength of Kia at that time until now was that most customers could get value for money. This is why during the recession we made changes to our brand image, to invest in marketing, to introduce our brand image and then to contact much more customers to make them know the brand.

Interviewer: You adopted aggressive marketing and why did you think that the recession of 2008 was the right time to do so?

Interviewee: More specifically there were many difficulties in many countries. In Europe, there are a lot of different cultures and countries and people. So always it was very difficult to have more aggressive marketing but overall at that time our strategy was brand image. Another one was experience of our brand. At that time we launched the 7 year warranty which means that we know that our strength is the quality but nobody knew it at the time. That's why we highlighted our strengths in quality so we decided the 7 year warranty concept and advertised it.

Interviewer: This leads nicely onto a point about market signaling. Kia used market signaling to convey the point about their quality but how much of an impact do you think market signaling had on Kia's share price?

Interviewee: From the beginning, you cannot expect any good result, immediately. We have struggled to get a good effect. We finally got a successful result but it was tough. However, I think it was very effective to let European people know Kia's strength, Kia's quality, and that marks our improvement, our growth.

Interviewer: And what is Kia's reaction to cost management during recessions?

Interviewee: It is a very difficult thing to explain. The most important thing is a focused selection. We selected to invest in our quality, in our brand image and then the other parts like incentive policies and this type of costs had to be drastically decreased.

Interviewer: What is your perception on external development starting perhaps with strategic alliances?

Interviewee: In 2008, I was in Germany and in Germany there is a Kia Motors Europe HQ. Some countries like the Netherlands had the sales network and distributors go bankrupt at that time. When we had the demolishment of the network in one country, it is very difficult to rebuild. During the recession it was difficult to find any other partners. Kia Motors Europe decided to take over the business itself and today we have the subsidiary that represents our Dutch distributors. Kia took over the network, not all of it, just the distributorship. We still needed local dealers.

Interviewer: Let's now look at M&A's. Hyundai took over Kia before the recession of 2001, what impact does the relationship between Kia and Hyundai have on their performance?

Interviewee: In short, it was very helpful. I joined Kia Motors 27 years ago, in 1991. I only have worked in Kia. So I experienced the bankruptcy of Kia in 1997 and the takeover by Hyundai. In the beginning, it was not good for me because I am a Kia man.

Interviewer: So would you say that it is difficult when there are two separate entities, two separate ways of working...

Interviewee: Yeah. At that time I didn't expect the chemistry to be good between the two companies. Yesterday we were the competitors, very strong competitors in Korea domestically and in other foreign markets. We have very different company cultures. Within 10 years after the two companies joined together, some chemistry was made. Today, I don't think we have any of the kind of problems we experienced at the beginning.

Interviewer: What advantages or disadvantages did that partnership heed for Kia in the recessions?

Interviewee: The first big advantage is volume. In most cases volume can lead to strength and more profitability. Secondly, I would say we could share technical knowledge, technology and experience. We shared R&D and still do so. From the beginning, the biggest challenge was the unique identity we needed to keep because Hyundai and Kia to make successful synergies needed to keep separate identities. 1+1 cannot even make 2, but we wanted to make it 3. Still, we are struggling to have separate and unique identity but it's going very well overall.

Interviewer: If we can go back to R&D. Say a recession hits in 2 years, what is Kia's approach to R&D?

Interviewee: I would say that as we already have good cost control because of the R&D synergies. To keep the identity of Kia around 2002, we decided to have very unique identities for Kia and we started to invest heavily on design. The key words of the Kia ads are design Kia. In 2005, very famous car designer Peter Shryer joined Kia and that's the main reason we

worked with him. From that time we've made a big difference to our brand. You cannot make any difference with the competitors only with some parts of technology, it would very difficult for our customers to understand what the difference is which is why we decided on focusing on Kia design. It would be a more simple message to the customers.

Interviewer: The quality of Kia's had improved massively over that period.

Interviewee: It was a very big challenge not only in Europe, but also in the US market. We started to have the 10 years guaranty. It made us very hard on ourselves in terms of quality without controlling all the costs, the quality improvements, we could not manage to offer as long as 10 years. That was our big challenge. The first objective for top management was to maintain the quality or improve the quality. Matching our brand image to product quality. Internally we were struggling though to maintain quality so we had to manage the costs.

Interviewer: How do you think Kia's approach in 2008 differed from other car manufacturers at the time?

Interviewee: Overall yes the recession is a risk for us and all the industry. Luckily all of the pre-investment of Kia made us more comfortable and assured a more smooth way to get over the risk. At that time we had a value-for-money product lineup which gave assurance to clients and allowed us to grow our sales. We had shown our strength at the time and that was the key factor that let us get over the tough period.

Interviewer: During the next recession, what would Kia do differently to the last one?

Interviewee: The recession is happening today. In European business it's okay for Kia but as you know, the US market and in China for the past few years we have been in a very tough and difficult period in this moment.

Interviewer: And what have you been doing to ensure that your performance is maximized in this period?

Interviewee: Even if we're having difficulty, the risk can be translated to opportunity. Risk means opportunity. For example, top management decided to invest in a new plant in India.

We haven't started to sell in India yet and so maybe next year we could start selling cars produced in India there. We see not just the risk, we need to translate it to opportunity.

Interviewer: You're diversifying further now in electric cars despite the tough economic climate. What is the decision behind diversifying in this period?

Interviewee: I don't know if you know but Kia is one of the leading companies in electric cars. Still, sales are not that much however, at the end of this year we'll have 2 new electric vehicles. The Nero EV is the first electric vehicle in SUV. This type of investment we are doing. We needed to show our ambition and make a difference.

Interviewer: Moving forward, do you see Kia entering into any alliances with other car brands?

Interviewee: I don't think so. Today I don't think Hyundai and Kia Motors group have this kind of plan.

Interviewer: Is there anything else you feel we did not cover today that could be useful in helping firms maintain their performance in periods of recession?

Interviewee: I think that everything is covered.

C.3a Interview 3: Alcoba (Suzuki Motor Manufacturer BELUX)

Interviewee Name: Axel Moorkens

Interviewee Position: Chairman of Alcoba.

(Start of Interview)

Interviewer: Le mémoire concerne les différentes stratégies commerciales et financières que les firmes dans le secteur de l'automobile peuvent suivre afin de maximiser leur performance en période de récession.

Interviewee : Okay.

Interviewer : Quel a été l'impact de la récession de 2008 sur Suzuki ?

Interviewee : Tu prends le constructeur au monde qui est différent des autres constructeurs. C'est un des seuls constructeurs qui gagne de l'argent avec les petites voitures (qui est économe) et qui a un lack of supply. C'est un des seuls constructeurs qui n'est pas incentivé pas le volume. Tous les autres ne connaissent qu'un mot, volume volume volume. Pour moi l'Europe n'est certainement pas le continent où on fait de l'argent dans le secteur de l'automobile. Ça se fait dans les pays émergents comme l'Afrique, les pays étant comme l'Asie etc. L'image accepted by Europe, Designed by Europe, est très très importante. Il n'y a aucun autre continent où le design, l'interior est aussi élevé qu'en Europe. C'est un peu un mixed feeling alors pour un constructeur Japonais.

J'ai reconcentré Mr. Suzuki il y a un an, ça faisait 60 ans que nos deux familles travaillent ensemble. L'Europe était quelque chose d'important pour eux mais il a dit qu'il voit l'Europe comme 26 partenaires pour 250000 voitures, 26 langues différentes, des différentes normes et réglementations, religions, goûts etc. Je vais en Inde, je rencontre une personne et je vends 1.2 millions de voitures.

J'ai été en Hongrie avec Mr. Suzuki et dès qu'il est rentré dans l'usine, la première chose qu'il a fait c'était d'éteindre une lumière sur deux. C'est un homme éternellement économique. Quand on voit les usines au Japon, ce ne sont pas de grosses usines neuves. L'homme est constamment occupé en train de dire « comment je peux produire à moins cher. » Pour moi c'est par hasard que VW a essayé de prendre une partie de Suzuki. C'était pas pour la marque, c'était pour savoir comment il savait produire et gagner de l'argent avec les petites voitures. Comme on va dans une tendance de plus petites voitures, les constructeurs se demandent comment ils vont les produire. Est-ce qu'à terme les constructeurs vont assembler eux-mêmes leurs voitures ?

Un exemple chez BMW c'est les minis qui sont produites en Hollande et l'usine n'appartient plus à BMW.

On se dirige vers un monde avec moins d'usines. Les producteurs sont en train de fermer leurs usines et de mettre cet argent dans la R&D. Ça vaut peut-être le coût. Mais pour Suzuki ils

savent faire de l'argent avec les petites voitures. Et quand on va sur le stock market, c'est incroyable.

Mr. Suzuki a toujours été très conscient de son business model. Si on prend la Jimny par exemple, le modèle change l'année prochaine. Il a 26 ans d'âge. On en vend chaque année de plus en plus. L'homme a été conscient et a créé une population qui utilise ses voitures, qui ne sont pas des car freaks. C'est vraiment de tous les constructeurs, un constructeur très différent des autres. Quand tu rencontres Mr. Suzuki, il fait encore son grand speech en Japonais. Ils ne sont pas ouverts au monde, avec des cotes positifs et négatifs bien sûr. Ils sont encore old-fashioned.

Interviewer : Par rapport à l'impact de la dernière crise sur la performance de Suzuki ?

Interviewee : Elle était bonne honnêtement. Pourquoi ? Parce que la période 2008 était la période où on a commencé à faire des trucs CO2 et l'État est intervenu. Quand tu prends l'immatriculation des Suzuki's en Belgique et en Europe, elle est stable.

Interviewer : Pendant les périodes de récession, quelles sont les différentes stratégies commerciales et opérationnelles que Suzuki suit ?

Interviewee : Quand il y a une crise on va vers le plus petit. Donc Suzuki qui va sur son modèle line-up, pouvait offrir quelque chose de très intéressant. Il est typique que quand on va en crise on va vers le plus petit. The way how to spend money changes completely. Quand tu viens dans un produit comme Suzuki qui a plus difficile dans des moments de gloire. Quand on revient vers des moments de crise, Suzuki offre une qualité exceptionnelle avec une garantie exceptionnelle et les gens achètent en partie de l'assurance. Quand tout va mal, on achète de l'assurance. Il y a deux choses : Pourquoi acheter une Suzuki au lieu d'une occasion ? Parce que le financement est plus difficile que quand une personne achète une voiture neuve vu que le risque est limité. La brand image de Suzuki n'a pas changée depuis des années. Elle ne va pas mettre des pubs au World Cup, elle ne va pas partout mettre Suzuki partout.

Interviewer : Quelle est l'approche de Suzuki pendant des périodes de récession à la R&D ?

Interviewee : C'est une entreprise très lente. Elle a raté des choses. Tu prends la moto, où il y a quelques années elle était leader du monde, ils ont raté le déclic et Honda est passé devant. Il y a des choses que Suzuki a fait de façon très intelligente. Ils sont leader ou numéro deux en Inde donc ils ont été dans des pays où personne d'autre voulait y aller, ils se sont installés comme moyen de locomotion de qualité et bon marché. Par contre pour moi, dans tout ce qui a été recherche et développement ils ont été trop faibles. Ce qui est aussi assez étonnant c'est un constructeur qui ne parvient pas à s'associer à quelqu'un d'autre. A terme, je me pose une question. Elle est sur le stock market mais ce sont des ingénieurs. Le marketing ils ne comprennent pas. Ce sont des ingénieurs qui ont repérés un problème, l'ont résolu mais qui n'évoluent pas.

Tu prends BMW en moto, ils étaient morts il y a quelques années et maintenant ils sont le leader sur la marché Européen. C'est pas de la top qualité, c'est du marketing. Chez Suzuki il n'y a jamais des recalls, c'est de la top qualité. Il n'y a rien qui ce passe. Si on prend l'opposé, Tesla, ils ont dit je vais avoir un modèle et vous allez payer en avance. Suzuki aurait préféré avoir 100.000 voitures dans son stock et après dire « I have a new model ».

Ca c'est pour moi la deuxième problématique Suzuki, et c'est un avantage et un inconvénient, c'est une entreprise familiale. Donc quand papa Suzuki se déplace, tout le monde n'existe plus. Le middle management est très très light. Le middle management est d'un groupe d'ingénieurs. Si tu mets en place une équipe très forte commercialement, ils vendraient 30% de plus. Si je prends l'exemple de ce Janvier, on a vendu 3.000 et on a demandé à Suzuki si on pouvait avoir des voitures de plus, on nous a dit non.

Interviewer : Vous avez parlé à propos de l'image de la marque, en période de récession, pensez-vous que c'est important pour Suzuki de se concentrer sur l'image de marque et le marketing en général ?

Interviewee : Pour moi une marque est excessivement importante dans tous produits. Les gens au jour d'aujourd'hui ils sont submergé d'informations et s'accrochent donc à des logos. Des produits blancs sont compliqués, ils ne marchent pas. La voiture est le deuxième investissement

le plus important, après la maison, et donc le brand est très important. Dans le brand il y a l'image, il y a la garantie, il y a le réseau etc. Pour tout le monde c'est très important et il y en a certains qui appuient plus sur l'image que Suzuki. Suzuki n'appuie pas sur l'image. Faire du marketing et de la publicité 8 ans sur le même modèle il faut être un génie. Quand tu prends la nouvelle Swift, on peut jouer un jeu de voir quels sont les 10 changements pour voir si on peut répondre.

Les changements dans le secteur de l'automobile deviennent compliqués. Dans le temps il n'y avait même pas une photo du modèle qui a changé. Si on prend le salon de l'auto, maintenant toutes ces voitures sont connues avant qu'elles sortent. Mais l'image est importante. Au plus que tu descends l'image, et l'image peut être liée à l'image de la qualité, et pour quelqu'un qui achète une Suzuki c'est une dépense très importante, et donc il va dire qu'est-ce que je reçois pour mon argent.

Chez Suzuki on a 10 ans de retard. Beaucoup de gens aujourd'hui achète du marketing. Les jeunes d'aujourd'hui veulent rêver d'une Fiat 500 ou d'une Mini Cooper. Si on prend l'exemple d'une Fiat 500, tu mets la Suzuki Swift à côté, ça roule 2 fois mieux, ça va durer 2x plus longtemps et la qualité en générale est nettement plus élevée, mais c'est là où tout le marketing fait la différence. Les marques n'ont jamais été si importantes.

Par rapport à Suzuki, c'est un produit qui ne se vend pas facilement. Il faut qu'on fasse chaque mois des actions pour qu'on puisse les vendre.

Interviewer : Suzuki est en partenariat avec General Motors, les deux entreprises forment une alliance stratégique, quel impact ont eu les difficultés de GM à l'époque sur Suzuki ?

Interviewee : Dans une société Japonaise tu ne rentres pas. Même dans l'alliance Renault-Nissan, quand Carlos Ghosn est rentré, on lui a dit voilà ce que tu dois faire. Pour eux, c'est une personne extérieure. Au Japon, il n'y a pas de patron. Si on pose la question de qui est le propriétaire de Suzuki à une personne dans la rue, elle ne saurait pas dire. Cela va à l'encontre de la mentalité Américaine où tu as de grands patrons.

La question de qu'est-ce qui va se passer à Suzuki après la mort de Mr. Suzuki est grande. Pour moi Suzuki à terme pourra devenir un assembleur de voiture pour le monde.

Interviewer : Qu'est-ce qu'est l'approche de Suzuki par rapport à la diversification pendant des récession ? Est-ce que Suzuki utilise la récession pour diversifier ses produits ? Si non, pensez-vous que l'entreprise doit le faire ?

Interviewee : Non je ne trouve pas, ce ne sont pas des opportunistes. C'est une opportunité manquée dans mes yeux. L'avenir des Japonais c'est l'Afrique et l'Amérique du Sud.

Interviewer : La dernière chose que je souhaite aborder c'est la signalisation du marché. On a parlé de Tesla, si on voit leur valorisation sur la bourse et ensuite on considère les états financiers de la firme, ce n'est pas du tout cohérent. Est-ce qu'il y a des signaux que les gens chez Suzuki émettent au marché pour influencer leur valorisation ?

Interviewee : Non ils ne font pas. Tesla est pour le marché mondial un headache. C'est pas Tesla en soit, c'est facebook et google etc. Tesla a fait quelque chose de fantastique et elle a bousculé le monde. Par contre c'est une entreprise qui perd énormément d'argent. Quand on prend ça à Suzuki, qu'est-ce que Suzuki sait faire ? Ils savent construire des voitures. Si demain des gens comme Tesla viendrait chez Suzuki en disant « voilà nous on va vous livrer la technologie, est-ce que vous savez in-time livrer la voiture et assurer une certaine qualité ? » That would be the perfect match. Croire que des gens comme Tesla où tous les jours le type a des idées et est très présent publiquement, va savoir livrer des voitures de.....où tout se passe de centime près.

C'est deux monde qui se rencontre. Je crois qu'on doit revenir dans un monde où il y a des spécialistes de métier. Dans la distribution d'automobile, tous les constructeurs qui se lancent pour avoir des garages se tuent.

Ce qui est assez bizarre sur ce stock market c'est que les gens savent ce que vaut la connaissance de Suzuki. Et si le stock market est si élevé et stable, c'est que les gens savent qu'un jour il y a quelque chose qui peut se passer. Autrement par rapport à Mazda tu te poses la question de pourquoi ce share est si élevé. C'est parce qu'il y a une industrie externe qui se dit « s'il y a un qui sait faire des choses que nous ne savons pas faire ça peut être lui. »

Si un avenir sur 100 ans de Suzuki pour moi c'est un assembleur de voiture de qualité. Les moteurs sont trop basiques, est-ce qu'ils vont savoir suivre l'augmentation des exigences en Europe ?

Si on posait la question de « est-ce que c'est facile de construire une voiture », Tesla diront « non » et Suzuki diront qu'il n'y a rien de plus facile. Au final les deux industries vont devoir se joindre.

Interviewer : A partir d'une alliance stratégique ?

Interviewee : Le problème avec le mot alliance c'est que pour un Japonais et pour un Européen c'est pas la même chose. Si on prend l'alliance Renault-Nissan, c'est là où Mr. Ghosn a très bien fait, il a su garder l'identité des deux marques.

Nissan valait plus que Renault. La vraie question est-ce que Nissan ne doit pas acheter Renault ?! Et il pouvait décider de tout mettre sous un logo mais il ne l'ont pas fait. Mr Ghosn a été la bonne personne pour diriger l'alliance parce qu'il a laissé tout le monde travailler ensemble et de base c'est un commerçant. Et c'est une personne qui sait mettre des gens ensemble.

Et aujourd'hui si tu mets un ingénieur Allemand et un Japonais qui lui aussi est ingénieur, ça ne va pas aller. Si on mettait Lexus avec Alfa Romeo par contre, on aurait une voiture de haute qualité qui est aussi super dingue au niveau du design. La couleur, le cuir, c'est quelque chose d'autre dans un alfa.

Toyota a investi des milliards en Formule 1. Il y a 3 semaines où ils ont gagné une course. Pour te dire que le président de Toyota l'année passée qui était sûr de gagner, où les voitures sont tombées en panne, pour lui c'était inacceptable. Le type de redbull par contre come on guys, on perd ? Bah qu'est-ce qu'on va faire de notre perte ? On va mieux faire.

C.3b Interview 3: Alcopa (Suzuki Motor Manufacturer BELUX)

(English Translation)

Interviewer : The thesis is about the different commercial and financial strategies that firms in the automobile sector can follow to maximize their performance in times of economic recession.

Interviewee: Okay.

Interviewer : What was the impact of the 2008 recession on Suzuki ?

Interviewee: You're taking the one manufacturer in the world that is different from the others. It is one of the only manufacturers that makes a profit on small cars and that has a general lack of supply. It is one of the manufacturers for which volume is not the big incentive. All the others know of only one word: Volume, volume, volume. For me Europe is not the continent on which we make money in the automobile industry. Money is made in emerging countries like Africa or Asia. The image "accepted by Europe, designed by Europe" is really really important. There is no other continent where the design and the interior is as good as in Europe. It is therefore a bit of a mixed feeling for a Japanese constructor.

I met Mr. Suzuki a year ago, it had been 60 years since our two families had worked together. Europe was something important to them but he did say that he saw Europe as being 26 different partners for 250.000 cars, 26 different languages, different norms and regulations, religion and taste. He said "I go to India, I meet one person and I sell 1.2 million cars".

I was in Hungary with Mr. Suzuki et the first thing he did when he walked into their plant there was to turn off one light for every two lights present. He is a man who is eternally seeking cost economies. When we see their factories in Japan, they are not big new plants. The man is constantly asking himself, "how can I produce at reduced cost." For me, it is no coincidence that VW tried to take a part of Suzuki. It wasn't for the brand, it was in order to learn how they can produce and profit off small cars, manufacturers are always wondering how to do so.

In time, will car manufacturers assemble their own cars? An example would be BMW. Their Mini Coopers are produced in Holland even though the factory doesn't even belong to them. We are moving towards a world with less plants. Manufacturers are closing their factories down and putting the saved money into R&D. It is maybe worth it. But with Suzuki they simply know how to make money off the production of small vehicles. And when we look at their stock market valuation, it's incredible.

Mr. Suzuki has always been conscious of his business model. If we take the Jimny for instance, the model is 26 years old with the new one coming out next year. Every year our sales of this model increase. The man was conscious and built up a following of people who are not car freaks and who buy his cars. It really is a manufacturer unlike the others. When you meet Mr. Suzuki he still makes his big speech in Japanese. He is not open to the world, which entails both positives and negatives. Suzuki is still old-fashioned.

Interviewer : Regarding the impact of the last crisis on Suzuki's performance ?

Interviewee: It was good honestly. Why? Because the period of 2008 was a period in which the state began to change things linked to CO2. When you consider the retailed Suzuki cars in Belgium and Europe, it is stable.

Interviewer : During recessions, what are the different commercial and operational strategies that Suzuki follows ?

Interviewee: When there is a crisis we go towards the smaller vehicles. As such, given Suzuki's product line-up, the company was able to offer something very interesting. Suzuki actually has it more difficult in periods of glory. When we get back to periods of crisis, Suzuki offers an exceptional quality with an exceptional warranty and people in part buy assurance. When everything goes wrong, we buy assurance. There are two factors: Why buy a Suzuki instead of a second-hand car? Because the financing (on a second-hand car) is more difficult as opposed to when people buy a new car given the risk is limited. The brand image that Suzuki has has not changed in years. The company is not going to put advertisements at the World Cup, the brand will not be put everywhere.

Interviewer : What is Suzuki's approach to R&D in periods of recession ?

Interviewee: Suzuki is a very slow company. A company that has missed things. If you consider the motorcycles, a few years ago Suzuki was the leader on the market but they missed a turn and Honda overtook them. There are however things that Suzuki does very intelligently. They are leaders on the Indian market because they went to a country where no other person wanted to go to and they established themselves as a cheap and quality means of transportation. However for me, in everything that is R&D, Suzuki have been too weak. What is also surprising is that it is a manufacturer that is unable to associate themselves to anybody else. Ultimately I wonder about them. Suzuki are on the stock market but they are engineers, they don't understand marketing. They are engineers that considered a problem, resolved it but then did not develop.

If you consider BMW motorbikes, they were dead a couple of years ago and now they are the leaders on the European market. It isn't top quality, it's marketing. At Suzuki there are never any (product) recalls, it is top quality. Nothing happens. If we consider an opposite, Tesla, they said that they will have a model and the customers have to pay in advance. Suzuki would have preferred to have had 100.000 cars in stock and then to announce "I have a new model."

This is for me the second problem at Suzuki, it is an advantage and an inconvenience, the fact that they are a family company. When Papa Suzuki goes somewhere, everyone else disappears. The middle management is extremely light. Middle management comprises a group of engineers. If you put in a team that are very strong commercially, they would sell 30% more. If I take the example of January, we sold 3.000 cars and asked Suzuki if we could have some more, they said no.

Interviewer : You talked about brand image, how important is it for Suzuki to focus on brand image and marketing in general during economic downturns?

Interviewee: For me the brand is incredibly important for all products. People today are inundated with information and therefore put importance on logos. Brandless products are complicated, they don't work today. A purchase of a car is the second biggest investment for people, after the purchase of a house, and so brand is very important. Within brand there is image, the warranty, the network etc. For everyone it is important and there are brands that put

a higher importance on brand image than Suzuki. Suzuki does not focus on their image. They have been running the same ads for 8 years on the same model. When you consider the new Swift, you can also play a game to see if you can notice 10 changes (compared to the old model).

The changes in the automobile sector are becoming complicated. Back in the day, there were not even photos of the new models that changed. If we consider the automobile saloon, now all the new cars are known beforehand. Nevertheless image is important. For a person that buys a Suzuki, it is a big expense and they therefore need to know they're buying quality and so if you reduce the brand image linked to quality...

Suzuki has 10 years of delay. A lot of people today buy marketing. If you consider the youth of today, they dream of a Fiat 500 or of a Mini Cooper. If you put a Suzuki Swift next to a Fiat 500, you have a product that drives two times better, lasts two times longer and generally is of much higher quality but this is where marketing makes a difference. Brand image has never been so important.

In terms of Suzuki, it is not a brand that is sold easily. Therefore promotional pushes monthly are needed.

Interviewer : Suzuki is currently in partnership with General Motors, the two companies form a strategic alliance. What impact did the difficulties of GM at the time have on Suzuki?

Interviewee: In a Japanese firm you do not really enter. Even in the Renault-Nissan alliance, when Carlos Ghosn first entered, he was told exactly what he was to do. For them, it is an external person. In Japan, there is no boss. If we ask the question of who the owner of Suzuki is to a person in the streets, they wouldn't know how to respond. This is contrary to the American mentality where the bosses are big public figures.

Interviewer : What is Suzuki's approach to diversification during recessions ? Does the firm use recessions to diversify its product offering? If not, do you think that they should?

Interviewee: No I don't believe so, they are not opportunists. It is a wasted opportunity in my eyes.

Interviewer : The last thing I would like to discuss is market signaling. We have talked about Tesla, if we consider their market value and their book value, it is not coherent. Are there signals that Suzuki emit to the market to potentially impact valuation?

Interviewee: No they do not. Tesla is a global headache. It isn't Tesla per say, it is Google, Facebook etc. Tesla did something amazing in that they changed the world. Despite this, it is a firm that loses an enormous amount of money. When we consider Suzuki, what can Suzuki do? They know how to produce cars. If tomorrow the people from Tesla came to Suzuki and offered to them their technology in exchange for a guarantee of on-time production of good quality cars, that would be a perfect match. To think that people like Tesla, who have different new ideas every day and are very present publicly, are going to produce bad cars...

It would be the meeting of two worlds. I think that we need to go back to a world where there are specialized jobs. In automobile distribution, all of the manufacturers that have their own dealership get killed.

What is weird about the stock market is that people know how to value Suzuki's know-how. And if the stock market value of the company is so high and so stable, it is because people know that one day something can happen. On the contrary for Mazda, you wonder why their shares are valued so highly. It is because there is an external industry that tells itself that there are some things that they can't do that Mazda may perhaps be able to do.

Over the next 100 years, I expect Suzuki to go into being a producer of cars for other brands. Their motors are too basic, they cannot keep up to the rising European demands.

If we ask Suzuki and Tesla whether producing a car is easy, the former will say that there is nothing easier whereas the latter will say that is difficult. Eventually these two worlds have to meet.

Interviewer: Across a strategic alliance?

Interviewee: The issue with the word alliance is that for a Japanese person and a European it has different meanings. If we consider the Renault-Nissan alliance, this is where Mr. Ghosn did really well, he knew how to keep the identity of the two brands.

Nissan were worth more than Renault. The real question is whether or not Nissan should purchase Renault. They could have decided to put the two brands under one logo but they did not do so. Mr. Ghosn was the right person to head the alliance because he let everyone work together and at his essence, he is a commercial man. He is a person who knows how to put people together.

Today if you put a German engineer with a Japanese engineer, it would not work. If we put Lexus with Alfa Romeo however, we would have a top quality, well designed car.

Toyota invested billions into Formula 1. Three weeks ago was the first time they won a race. The Toyota president last year was so embarrassed that two Toyota's broke down before the end of the race, it was unacceptable for him. If we consider the people at Redbull however, he would have said "come on guys". We lost and what will we do with our loss? We will improve.