

## Jeep and Citroën in India: A Case Study on Navigating Challenges and Crafting Strategies in the Automotive Landscape

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### Abstract:

In the ever-evolving landscape of the Indian automobile market, global car manufacturers face both opportunities and challenges. This extensive exploration delves into the experiences of two significant players, Jeep and Citroën, both subsidiaries of the Stellantis group. As they strive to establish a strong foothold in India, a myriad of factors come into play, including market entry strategies, product choices, and responses to the unique challenges presented by the Indian consumer. This case study not only sheds light on the struggles faced by these brands but also proposes strategic insights that delve deep into understanding local preferences, recalibrating pricing strategies, and building robust after-sales infrastructures.

**Keywords:** Jeep, Citroën, Stellantis group, Indian automotive market, Challenges, strategies

### Introduction:

India, with its burgeoning middle class and diverse consumer base, has become a key battleground for global car manufacturers. Among the players in this dynamic market, Jeep and Citroën, both under the Stellantis umbrella, have encountered significant challenges. This analysis delves into the intricacies of their journey within the Indian automotive landscape, examining their market entry strategies, product decisions, and the subsequent responses to the hurdles faced. By comparing their sales performance, market strategies, and customer perception, we aim to unravel the distinct paths these brands have taken to navigate the complexities of the Indian market.

### Overview of Stellantis N.V.:

To understand Jeep and Citroën's position in India, we must first explore the overarching entity—Stellantis N.V. Formed from the merger of Fiat Chrysler Automobiles (FCA) and the French PSA Group, Stellantis stands as a multinational automotive manufacturing giant. With a diverse portfolio of brands, including Abarth, Alfa Romeo, Chrysler, Citroën, Dodge, DS, Fiat, Jeep, Lancia, Maserati, Opel, Peugeot, Ram, and Vauxhall, Stellantis operates globally. As of 2022, it boasts manufacturing facilities in 30 countries and sales operations in over 130 countries, cementing its position as the world's fourth-largest automaker.

### Entry of Jeep and Citroën into the Indian Market:

The last decade has witnessed a flux of new entrants and exits in the Indian automotive landscape. Kia and Citroën, both foreign brands eyeing the middle-class demographic, epitomize this trend. Kia's Seltos, with its remarkable success, stands in stark contrast to Citroën's struggles in gaining traction, mirrored by Jeep's shifting fortunes despite being initially celebrated as India's most trusted automobile brand in 2019.

### **Analysing Citroën's Struggles:**

Citroën's challenges in India are deeply rooted in its historical attempts to establish a presence in the country. Initially partnering with Premier Group in 1995, the launch of the Peugeot-Citroën 309 faced setbacks due to labor issues and subpar dealer services, leading to an exit in 1998. A subsequent re-entry in 2011 by the PSA Group saw the establishment of a plant in Gujarat, but financial setbacks forced operations to a halt. The re-entry in 2021 by Stellantis aimed to fill the void left by Fiat's departure and cater to the Indian masses. However, the flagship offering, the Citroën C5 Aircross, failed to make a significant impact, selling only 235 units in its peak month of April 2022. The subsequent launch of the C3 faced its own set of challenges, with monthly sales ranging between 250-300 units.

### **The Wrong Segment and Overpricing Conundrum:**

One of the critical reasons for Citroën's struggles lies in its entry into the wrong market segment. The C5 Aircross, positioned in the premium SUV segment, faced stiff competition from established players like Volkswagen Tiguan, Hyundai Tucson, Skoda Kodiaq, and Jeep Compass. The high pricing of the models, ranging from 30 to 40 lakhs, made them less appealing compared to alternatives like Toyota Fortuner and MG Hector. The overpricing issue was exacerbated as Citroën's C5 Aircross was priced higher than most competitors in the segment. Despite offering impressive creature comforts and luxury features, Indian consumers, known for their preference for vehicles with substantial road presence, were not swayed. Models like Toyota Fortuner continued to dominate the market, impacting Citroën's premium offerings.

### **The Misjudgment of Indian Audiences:**

Citroën's misjudgment of Indian audiences became evident with the launch of the C3, marketed as a premium hatchback. Despite sharing dimensions with popular hatchbacks like Suzuki Swift, Baleno, and Tata Altroz, the C3 was competitively priced at 6,16,000 INR for the base model. However, compromises in features, outdated elements, and the absence of essential features found in other segment cars led to poor sales. The Indian audience, known for seeking aspirational products, perceived the C3 as lacking in features compared to its competitors. In contrast, successful entrants like Kia attributed their success to an extensive network of customer touchpoints. While Kia established 339 touchpoints in India, providing sales and service facilities across the country, Citroën struggled with only 30 dealers. The lack of after-sales touchpoints negatively impacted customer satisfaction and deterred potential buyers.

### **Citroën's Strategic Response:**

Acknowledging the need to address these challenges, Citroën outlined strategic measures to enhance its presence in the Indian market. The company announced plans to double its dealer network, increasing touchpoints from 30 to 60 by August 2023, with a further target of reaching 100 by 2024. This commitment was reinforced during the launch of the C3 Aircross in April 2023. Additionally, Citroën introduced the seven-seater C3 Aircross, aiming to compete with popular models like Hyundai Creta. While the company aimed to strengthen its product portfolio, concerns were raised about repeating the strategy of focusing more on functionalities and less on features—a strategy that had not resonated well with Indian consumers in the past.

### **Jeep's Evolution and Struggles:**

Jeep's journey in India, once marked by trust and success, faced challenges in recent years. While a Brand Trust Report in 2019 declared Jeep as India's most trusted automobile brand, reports in the subsequent years suggested a decline in sales, raising questions about Jeep's performance in the Indian market. Jeep entered India in 2016 through its parent company, Fiat Chrysler Automobiles (FCA). The brand aimed to cater to the rising demand for off-road vehicles in India, leveraging its global reputation. The introduction of the Jeep Renegade and the locally produced Jeep Compass in 2017 marked a significant milestone for the brand.

### **Initial Success and the Pitfalls:**

Jeep initially witnessed success with the made-in-India Jeep Compass, which sold over 25,000 units in consecutive years. However, the brand's reliance on a single product strategy proved to be a limitation. While competitors introduced new models, Jeep's sales growth stagnated. The lack of innovation and new product launches during the second half of 2019 resulted in a significant decline in Jeep Compass sales. The breakdown of new Jeeps and subsequent technical issues further disrupted the brand's reputation. Complaints about multiple repairs within the first week of delivery and ongoing technical issues led to customer dissatisfaction, impacting the brand's image negatively.

### **Strategic Responses by Jeep:**

In response to these challenges, Jeep outlined strategic measures to revive its presence in the Indian market:

**Diversification of Portfolio:** Jeep planned to invest \$250 million in India to diversify its product portfolio. The strategy included local manufacturing of mid-size and three-row SUVs, assembly of the Jeep Wrangler and Jeep Cherokee, and the launch of a new version of the Jeep Compass. The investment aimed to position Jeep as a comprehensive player in the Indian SUV market.

**Leadership Change:** Aditya Jairaj took charge as the Deputy Managing Director of Stellantis Group in India and Head of Jeep brand operations. The leadership change signified a shift in the strategic focus, emphasizing global electrification and revenue enhancement.

**Discontinuation of Low-End Petrol Variants:** Jeep decided to discontinue low-end petrol variants to comply with pollution control norms. The focus shifted to diesel variants, aligning with the demand for diesel-powered SUVs in the Indian market.

**Launch of New Financing Schemes and Better Outreach:** Jeep aimed to reduce the initial ownership cost by introducing new financing schemes. The brand also focused on improving marketing strategies and outreach to communicate its brand value effectively.

### **Comparative Analysis:**

The struggles faced by Jeep and Citroën in the Indian market share commonalities, such as issues related to market positioning, product choices, and after-sales support. However, their responses and strategies reveal divergent paths taken to address these challenges.

### **Market Positioning:**

Citroën faced challenges by entering the premium SUV segment with the C5 Aircross, competing against well-established players. The high pricing of the model further hindered its market penetration.

Jeep, on the other hand, struggled with the premium market positioning and overpricing of its models. The reliance on a single product strategy, the Jeep Compass, limited its growth potential.

### **Product Choices:**

Citroën misjudged the Indian audience by launching the C3 as a premium hatchback, lacking essential features and competing with well-established models in the segment.

Jeep faced challenges with technical issues and breakdowns in its flagship model, the Jeep Compass, leading to a decline in customer trust and brand reputation.

### **After-Sales Support:**

Citroën's limited dealer network of 30 touchpoints impacted its ability to provide adequate after-sales support, contributing to customer dissatisfaction.

Jeep, recognizing the importance of after-sales support, focused on improving outreach and communication, discontinuing low-end petrol variants, and investing in local manufacturing to enhance customer satisfaction.

**Strategies for Future Success:**

**Sharing Floor Space of Sales Outlets:** One of the main reasons for the failure of Citroën and Jeep is the smaller number of sales outlets. Jeep has 75 sales outlets across India. Citroën has 53 sales outlets. If they share the sales outlet space, they can have a greater number of sales outlets.

**Understanding Indian Consumer Preferences:** Both Jeep and Citroën need to deepen their understanding of Indian consumer preferences. Conducting market research to identify the features, pricing, and segments that resonate with Indian buyers is crucial for designing products that meet local expectations.

**Competitive Pricing:** A critical aspect for success in the Indian market is competitive pricing. Both brands should recalibrate their pricing strategies to align with market demands and offer value for money. This includes addressing the issue of overpricing and ensuring that products are positioned in segments with substantial sales volume.

**Diversification of Product Portfolio:** Jeep's move to diversify its product portfolio is a step in the right direction. Launching new models across different segments and updating existing ones can help capture a broader market share. Citroën, too, needs to assess market demands and introduce models that cater to popular segments.

**Strengthening After-Sales Support:** Building a robust after-sales support network is crucial for customer satisfaction and brand loyalty. Both Jeep and Citroën should focus on expanding their dealer networks, ensuring efficient service, and addressing customer concerns promptly.

**Effective Marketing and Brand Communication:** The success of any brand in a diverse market like India hinges on effective marketing and brand communication. Jeep and Citroën should invest in targeted marketing campaigns that highlight the unique features and benefits of their products. Building a positive brand image is essential for attracting and retaining customers.

**Embracing Sustainability and Electrification:** With the global automotive industry shifting towards sustainability and electrification, both Jeep and Citroën should explore opportunities in the electric vehicle (EV) segment. Introducing electric or hybrid models can align with changing consumer preferences and contribute to a positive brand image.

**Conclusion:**

The Indian automotive market presents both challenges and opportunities for global car manufacturers. Jeep and Citroën, under the Stellantis umbrella, have faced struggles attributed to market positioning, product choices, and after-sales support. However, the strategic responses outlined by both brands signal a commitment to overcoming these challenges and adapting to the dynamic Indian market.

Jeep's diversification of its product portfolio, leadership change, and focus on after-sales support have started showing positive results, reflected in improved sales figures. Citroën, recognizing the need for a stronger presence, has outlined strategies such as portfolio strengthening, expanding the dealer network, and focusing on functionalities and features.

The future success of Jeep and Citroën in the Indian market will depend on sustained efforts to understand and meet local consumer preferences, recalibrate pricing strategies, and build a strong after-sales infrastructure. While challenges persist, the Indian market remains a significant battleground for global automotive brands, offering immense potential for those who can navigate and adapt to its unique dynamics. Only time will tell whether Jeep and Citroën can emerge triumphant and establish themselves as key players in the Indian automobile landscape.

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