

## Russia

## Stepping Up the Pace



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**My territory is Eastern Europe, and basically every market I oversee—including Russia, the Ukraine, Poland, Hungary, the Czech Republic, Slovakia, Romania, Bulgaria and Turkey—is growing. My mission is to capitalize on that growth.**

Russia is our big driver. In fiscal 2007 we sold 141,000 units there, up from 85,000 the year before, overachieving our target by more than 20,000 units and raising market share from 4.3 to 5.1 percent. Political stability, foreign investment and a hot economy are fueling this market growth, particularly sales of oil, gas, precious metals and so on. The buying power of Russian consumers is rising, bringing more expensive vehicles within reach.

We launched several new cars in Russia during fiscal 2007. Qashqai debuted in the spring, and is performing phenomenally there and throughout Europe—over 15,000 units are on back order in Russia. We brought out the new X-TRAIL in Europe in August, and buyer response in Russia has been particularly strong. The Tiida compact sedan and hatchback, introduced in October, have been a pleasant surprise. Fiscal 2007 was also the first full year for the Infiniti brand here. Despite having only two dealerships in Moscow and one in St. Petersburg, and just three models—the FX, G and M—we sold 5,500 units.

We will be expanding our Russian sales network from 55 outlets in 2007 to 160 by 2012, and rapidly spreading east. Our Russian partners are strong, both financially and in their car retailing expertise. With the luxury market growing, we will also add Infiniti outlets in Moscow and St. Petersburg, and open new dealerships in all major regional cities during the next few years.

Our nationwide consumer credit program, Nissan Finance, is another potent factor, providing area coverage our competitors do not. In a mature market a credit program is nothing special, but in Russia—where most customers pay in cash—it attracts new business. Our brand image here is solid as well, thanks to years of effort. Competition is intensifying, however, so we are spending heavily on media, PR and communications.

Although our fiscal 2008 goal is to maintain the current market share, we could increase it if we have more supply. Furthermore, in the fall we will introduce the Qashqai+2—a great-looking new crossover with better utility—and an all-new Murano. And although domestic brands currently rule Russia's LCV space, we will be challenging that in 2008, starting with our NP300 pickup, then Cabstar in September and eventually a full range of Nissan LCVs. LCV buyers are mostly corporate customers who expect special treatment, so we are setting up a separate LCV dealer network.

Nissan's policy is to manufacture close to markets where we have critical mass. Our new St. Petersburg plant will begin producing the new Teana next February, followed by X-TRAIL. Competitors currently dominate the luxury saloon car segment, but this next-generation Teana will be quite competitive. The Alliance tie-up with Avtovaz also has great potential.

If conditions remain essentially unchanged, I predict that Russia will become Europe's second-biggest market after Germany. The current forecast is for a TIV of 3.3 million units in fiscal 2008, up from 2.8 million last year. We are confident that we can be a dominant player in this key market.



The groundbreaking ceremony for the new St. Petersburg plant