Nissan Annual Report 2003

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MARKETING AND SALES

Closer Ties to the Customer

Even the best product can’t sell itself; sales is the place where the one-to-one connection is made with the customer. Nissan’s new range of exciting, attractive product can draw the customer to the showroom, but it is professional, courteous service that ensures that customers find buying and driving a Nissan car a rewarding experience—and one they will repeat.

Nissan’s new models have been the engine that powers the company’s growth. It is sales and service, however, that ties the customer more closely to the Nissan brand. Helping to enhance the positive response and service is the Nissan Sales and Service Way (NSSW), a global initiative to firmly establish the unique Nissan method of customer care and relations as one superior to other automakers.

This means a bond with the customer beyond stereotyped customer care; it means knowing intimately the varying lifestyles involving automobiles and needs that the customer may not even have noticed, and then to provide personalized care and service that matches the individual customer—and to do so in a swift and responsive way.

The ultimate goal is to place Nissan product in the top three in the industry in the Sales Satisfaction Index/Customer Service Index by 2010. To support this, the new Global NSSW Division was created in April 2003. This division is wholly dedicated to NSSW, and has global responsibility for planning, implementation and training. Another development is the renovation of 10,000 worldwide Nissan dealerships for a common Nissan visual identity.

Deeper Local Roots

In order to ensure profitable growth in its global markets, Nissan made a number of steps that will strengthen its position in a number of markets. In Japan, the company opened Carest Makuhari in Chiba Prefecture, and announced the upcoming construction of Carest Murayama, Tokyo, scheduled to open in summer 2005. Carest reflects Japan’s increasing desire for comprehensive super-stores, and...
provides for every area of automotive need under one roof, from new car sales through service and parts and accessories sales.

In Taiwan, Yulon Nissan Motor, a joint venture of Nissan and Yulon Motor Company, will support Nissan’s presence both in Taiwan and China at every stage from engineering to sales and marketing. Nissan also announced plans to increase its investment in Siam Nissan Automobile Co., Ltd. and Siam Motors & Nissan Co., Ltd., both of Thailand, from 25 percent to 75 percent. This also will enhance not only manufacturing and sales in Thailand, but serve as a base for expansion into the ASEAN region. Nissan has expanded its business activities in Egypt, purchasing the assets of the existing manufacturing operation. During 2004 and 2005, Nissan will invest US$80 million in modernizing and expanding the current facilities, preparing Egypt as an automotive production base for the Middle East and North African regions. Nissan Korea Ltd., established in February 2004, marks the first time that the Infiniti brand will be marketed in a dedicated sales network outside of North America. It will begin sales of five Infiniti models from mid-2005. In August 2003, Nissan established Nissan Motors Rus, a new Russian sales company in the country’s growing auto market; operations began in January 2004.
Japan
Nissan continued to grow at home, fighting a flat market with popular models to realize growth of 2.6 percent to 837,000 units. This also increased market share by 0.3 percent to 14.2 percent, including minicars.

This growth was led by the Cube and Cube Cubic, the March and the X-TRAIL. Both the Cube and March were ranked in the top-ten best-selling cars every month throughout the year. The Moco minicar, Nissan’s entry model in this important market segment (vehicles with engine displacements below 660cc) and the new Clipper mini-commercial vehicle were also strong sellers.

US
The US automobile market also was relatively flat in fiscal year 2003—growing by just one percent—but Nissan showed very strong growth, with sales jumping 17.9 percent to 856,000 units. This brings Nissan’s US market share to 5.1 percent, up from 4.4 percent in fiscal year 2002. This increased most rapidly in the fourth quarter of fiscal year 2003, with market share reaching 6.1 percent compared to the same period in fiscal year 2002.

The Nissan Division grew by 16.1 percent, helped by a richer product mix. High-margin trucks led the way, with the Murano and products from the new Canton Plant driving growth of 34.1 percent. The popularity of the Altima and Maxima helped to boost car sales by 6.5 percent. The Infiniti Division had its best year ever in fiscal year 2003; sales grew by 29.4 percent, to 124,000 units. The luxury brand’s G35 sedan and coupe and the FX35/45 all experienced strong growth during the year, while the QX56, Infiniti’s first full-size SUV, was successfully launched in February 2004.

Europe
Nissan is seeing growing strength in a market that has been a challenging one for the company. Sales grew an impressive 14.4 percent in 2003, rising to a total 542,000 units. Sales of the Micra were especially important; with 175,000 new Micras sold in its first year on the market, the car is bringing many important new customers to the Nissan brand.
Sales of 4x4s are an increasingly important part of Nissan’s activities in Europe, with the X-TRAIL and Pickup both providing strong contributions to growth in the region.

**Asia/Oceania**

In Australia, the introduction of the new Maxima, as well as SUV and commercial vehicle sales, helped to boost Nissan sales by 23.1 percent in fiscal year 2003, to 62,031 units. The X-TRAIL was also a strong contributor in Australia—as it was throughout the region. The X-TRAIL was number one in Taiwan’s SUV market, Malaysia’s 2003 SUV of the Year, and Indonesia’s 2003 Best Choice SUV.

In Taiwan, Nissan sales rose by 6.5 percent to 65,820 units. In Thailand, the Frontier won the top spot in the J.D. Power Asia Pacific 2003 Thailand Automotive Performance, Execution and Layout (APEAL) Study. In the Philippines, Nissan sales rose by 12.9 percent, to 8,606 vehicles. The X-TRAIL’s popularity contributed greatly to the 16.1 percent increase in Malaysia, to 17,700 units. Nissan sales also jumped 89 percent in Indonesia to 6,720 units.

**China**

Nissan continues to grow rapidly in the competitive Chinese market, with the new locally-built Sunny and Bluebird helping to increase sales in the country by 30 percent, to 101,000 units. In the coming year, the Teana luxury sedan will also be produced at Dongfeng Motor Co., Ltd., marking a new stage both for Nissan and China’s sedan car market. The investment in Dongfeng holds great promise for future growth in China’s rapidly expanding passenger car and truck markets.

**Gulf States**

In a relatively flat market, Nissan still saw a 1.4 percent growth during the fiscal year. The Sunny, which underwent a minor change for the year, saw the biggest growth with a 15.2 percent increase across the region over the previous year.

**South Africa**

Strong growth was seen in South Africa, as Nissan sales increased by 10.4 percent to 33,035 units. The X-TRAIL again led the growth, rising by 51 percent to 2,162 units sold. Sales of the Hardbody (Frontier), Bakkie (Pickup) and light commercial vehicles also saw a rise of 13 percent.

**Mexico**

Nissan set a new record in the Mexican market, with total sales rising to 214,000 units. The Tsuru, with sales of 63,000 vehicles, remained the best-selling model in the country.

**Latin America and the Caribbean**

Sales throughout the region showed a robust 14.9 percent growth during 2003, rising to 52,700 vehicles. This also represented a growth in market share to 2.5 percent. Following on local production of the Frontier in Brazil in fiscal year 2002, production began during fiscal year 2003 on the Xterra. The Brazilian-built Xterra was also awarded the Best 4x4 Award in Argentina during the year.
MARKETING AND SALES

Infiniti Goes Global

In November 1989, a new luxury automobile brand was born—Infiniti. After years of study and planning, Nissan successfully launched the brand in the US market, providing technology-driven performance luxury vehicles backed by award-winning customer satisfaction.

Over the years the Infiniti lineup has continued to expand as the brand has grown in popularity. At first there were just 51 dealerships across the US; today there are more than 160 showcasing eight industry-leading luxury models. In fact, in the last two years Infiniti sales have nearly doubled—making it the fastest-growing luxury brand in North America—rising an impressive 29.4 percent in fiscal 2003 to over 124,000 vehicles sold and bringing total Infiniti sales to some 800,000 units since the brand was launched.

Along with a vast range of awards won—including, in 2003, the G35 sedan and coupe being named as 2003 Motor Trend Car of the Year, and finalist for 2003 North American Car of the Year—Infiniti has built a reputation for quality and customer satisfaction. In 2003, the company was the highest-ranked brand in J.D. Power and Associates 2003 Customer Service Index, the third time Infiniti has topped the well-known independent study. Infiniti has shown that it is a brand that can compete head-to-head with other global luxury brands.

With models such as the recently introduced AWD version of the G35 sedan and QX56 full-size luxury SUV continuing to build on the legacy of Infiniti, Nissan decided to make Infiniti a global tier-one luxury brand. Nissan Korea will begin the process, with five Infiniti models to be introduced in the country in mid-calendar year 2005. Following Korea, the Infiniti brand will expand to include Japan, China, Russia and Western Europe.