

Restructuring Indian Automotive Industry

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Abstract:

Currently the Automotive Industry (passenger car segment) is structured as Manufacturer → Distributor / Dealer → Retail Customer. In this current structure, the retail customer who is planning to purchase a car, needs to visit either the brand website / showroom to understand various options available to suit his requirement and budget. In this process, many brands, which are better or equals in techno commercial terms, does not even get in to the consideration segment of customers when the leading brands have high penetration in to the market and high visibility in the market. In this process, through web portal, the customer will be made aware of the basic automobile technology and terminology, subsequently in a structured manner drawing customer's inputs to qualify the customer, thereafter system generates a list of brands / models that exactly suit the customer's requirement technically and commercially.

Introduction:

Currently the Indian Automotive industry is spread in three layers namely Manufacturer → Dealer → Consumer. As per the recent consumer trends, the need for digital enhancement in the process is seeming to be highly inevitable and hence the project is focussing on restructuring the industry by adding a fourth layer with IT enabled platform. This also opens a new avenue for the manufacturers to showcase all their products in all segments of customers, if the technical and commercial criteria are met. The aim of this project is to enable a fourth and powerful layer in the Indian automotive industry.

The objectives:

- A) To facilitate the end customer to choose the best suitable option before concluding his purchase decision befitting his techno commercial requirements.
- B) Enable all makes & models in the industry to be under consideration segments of end customers.

- C) To facilitate the prospect experience an enhanced satisfaction of his purchase experience
- D) To get a concrete lead to the Automotive dealers
- E) To pave a path for a new Start Up with low investment and high returns with due satisfaction to all stake holders of the industry, complementing the growth prospects of all industry dimensions.

Related Work:

Indian Automotive Industry:

- A. Automotive Industry in India is growing at a rapid pace occupying top ten positions in the world. Indian Passenger Car industry is holding third position globally.
- B. In India we have over 15 car manufacturing companies.

Evolution of Sophistication and Advancement in Car Manufacturing Firms:

Of late, the leaders in automotive industry are witnessing a great shift in the expectations of customers in terms of technically advanced and commercially viable cars. Reasons being global economy fluctuations coupled with declining consumer confidence, resulting in to the industry getting highly competitive. In reality this intense competition has paved path for technical advancement in the passenger car industry throwing challenges to the manufacturers to come up with innovative and advanced safety, comfort, and performance related features in passenger cars. In a way it is good for enhancing standards of quality and productivity of cars today towards better safety, fuel efficiency and so on.

Automotive Industry is Key Contributor for Indian Economy:

The automobile and ancillary industries are the key contributors for India overall economy, as any advanced transportation system will impact the development of country's economy and hence India is no exception.

Prospects' Mind-Set:

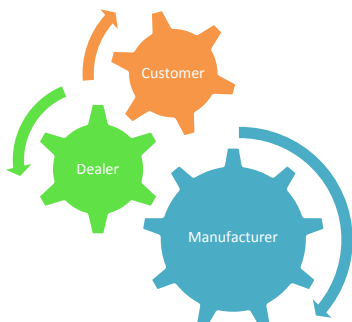
Most of the car buyers – both first time and repeat – consider two to three brands based on which they make their final decision. This trend is right for last seven years covering peak and off-peak economic situations. It's a fact that buyer certainly goes through the detailed process irrespective of the economic situation in the country. It may also be noted that passenger cars prospects look for more number of brands before they make their selection as compared to consumers who consider a commercial or utility vehicles.

Analysis:

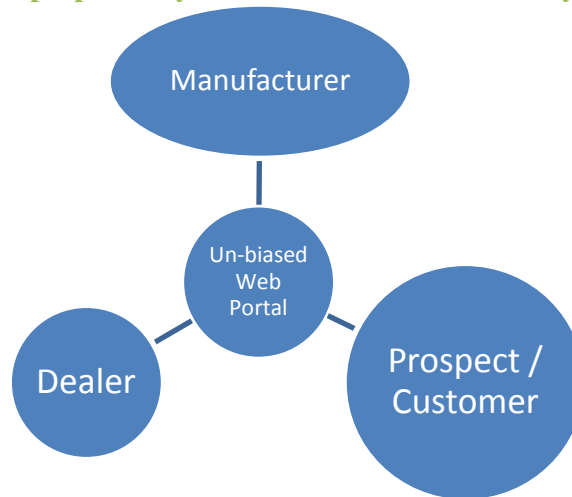
4.1. Introduction:

Online shopping is the current wave in Indian consumer product industry. Internet is gradually influencing the core of every industry, so car industry is no exception. The automotive buying is totally a different experience to any consumer unlike any consumer durable products, due to heavy investments, dynamic changes, advancing technicalities and the ever increasing need for safer and comfortable cars. The automotive buying calls for several techno commercial evaluations in terms of features like safety, performance, aesthetics, comfort, economy and durability. In an ideal scenario, the consumer should be provided with a standard questionnaire / enquiry form based on the above parameters for collecting the information online to systematically analyse and suggest shortlisted models, which certainly suits to his need through a scientifically designed need analysis module online.

Current Industry Layers in hierarchy



The proposed layers in the Automobile Industry



This is a four layered automobile industry after restructuring

- A. Customer
- B. Portal
- C. Dealer
- D. Manufacturer

The portal is a new layer which does the need analysis in a scientific method, suggests the short-listed models based on the inputs, arranges the display and test drives through geographically closely located dealers and concludes the deal by booking. The following are the main factors that every consumer considers before decision of buying:

- Safety
- Performance
- Design & Aesthetics
- Luxury & Comfort
- Ownership cost
- Durability
- After Sales support
- Feedback from friends and family members
- Brand image & product visibility
- Newest product in the market
- Entertainment & Infotainment gadgets in the car

Results & Interpretations:

The overall survey results, clearly indicate a thorough need for a fourth layer, which is a web portal un-biased

to do the need analysis and suggest the options irrespective of brands and other influences and also to provide necessary techno-commercial information:

- 🚗 The feedback from the customers has supported the need of the fourth layer in between the car manufacturing companies, car dealers and car purchasing customers.
- 🚗 The feedback from the customers has revealed that the customers are not totally depending on the dealers' sales men.
- 🚗 The feedback has revealed that the minimum knowledge is required to purchase the car and the car making companies should develop the cars according to the needs and specific requirements.
- 🚗 The need of fourth layer will suppress the false notion of purchasing the cars with inferior values and more visibility in the market place when it is compared.
- 🚗 The presence of the fourth layer will enhance the knowledge of the customer, dealer as well as the car manufacturing companies in choosing the dream car, selling the car at competitive rates and manufacturing the car according to the demand and desire of the customers.

The need of the fourth layer should be incorporated to give transparency to the customers, dealers and car manufacturers.

Findings:

Unorganised Digital services and web portals centred on increasingly empowered consumers will bring disruption to the automotive industry. Automotive manufacturers need to quickly decide how they are going to respond strategically to digital disruption. Economic value within this industry and across adjacent markets will be forever altered. In a world where the future is far from certain, automotive companies will need to develop new core capabilities to survive.

In an effort to tap into all available sales options, car marketers are tying up with e-commerce portals like Car wale, Cardekho etc. to sell vehicles or follow up 'prospects' online. Carmakers like Renault India and Honda Cars India are already pursuing this strategy while more mass market brands like Hyundai are following an in-house strategy to capitalize on the online sales boom. The strategy, say car marketers, is an attempt not to bypass the dealer network but to make sure online 'prospects' don't go untapped. The major car companies have tied up with ecommerce platforms on and off to source prospects. Although mobiles and durables have seen an explosion in online demand, the situation. Auto industry experts say the importance of a service relationship with the dealer makes it unlikely that car demand will move completely online in a hurry.

"Already more and more people are researching online and this will evolve over a period of time but not necessarily like the way it has happened in mobiles or durables," said Sen. Bigger volume car brands like Hyundai are looking at in-house initiatives to complement brick-and-mortar and click-and-portal sales. The present portals which are analysing the needs of the automobile customers are not apt for the customers' needs. The analytical power of these web portals are just promoting the brand companies who are their customers and not useful for the customers and their expectations. For more than 100 years the automotive industry has created competitive advantage mainly through engineering excellence. Going forward, this will no longer be sufficient

Many stakeholders recommended that consumers look at multiple cars on internet car portals as part of the search process. This way, a consumer is able to compare their intended purchase with other cars that are similar in majority of deciding factors of all cars.

Survey Outcome:

It is mandatory to incorporate a fourth layer in the automobile industry with the help of comprehensive utility portal to support the customer specific needs, dealers business and manufacturing designs evaluated from the customers feedback. The fourth layer will make a grand success for establishing a healthy

automobile industry competition and visibility for right and technically viable cars.

Suggestions & Recommendations:

The present automobile industry is rich with three layered structure. Though the automotive industry is rich with E-Commerce web sites and portals, the customer specific needs have not yet analysed properly and giving the feedback to the car manufacturing companies through a single window.

The following suggestions and recommendations are to be followed to restructure the automobile industry:

- 🚗 It is necessary to develop a web portal to carry out perfect need analysis of prospect
- 🚗 It is necessary the web portal should be connected to all manufacturers of the cars in the industry
- 🚗 It is necessary that the portal should be interconnected with all dealers of all brands in the country
- 🚗 It is necessary that the portal should give customer feedbacks to design the most suitable model cars from the industry
- 🚗 The portal should also generate the results and suggest possible car brands which matches the needs and specific requirements of the customers
- 🚗 The portal should be a closed connecting layer between the customers, dealers and manufacturers

Conclusion:

The present paper has illustrated the present automobile industry with three layers and proposed

- 🚗 A fourth layer (web portal for carrying out the need analysis in a scientific method and to suggest most appropriately suitable options to buyer for him test drive only two or three options before deciding the Dream Car).

- 🚗 The fourth layer is going to connect the customers with auto manufacturers and dealers according to the preferences of the customers.

- 🚗 Though there are few portals already existing in the web space, they could not establish the relationship with the manufacturers to give the feedback from the customers. The present system is highlighting the individual car manufacturers' specifications and models.

- 🚗 The proposed fourth layer, which is an un-biased portal would contain detailed specifications of all models and suggest a specific model from a specific brand according to the needs and requirements of the customer.

- 🚗 This fourth layer is developed to bestow the dream car to the customer and facilitate the car manufacturers with the customer requirements and increase the sales of the dealers.

- 🚗 The data has been analysed and given interpretations on the results.

The conclusion is to restructure the automobile industry with the help of intelligent auto portal which is connected closely with the customers, dealers and manufacturers of the cars.

Future scope of study:

- 🚗 The E-portal being planned should evolve in to a mobile application within the shortest possible time, so that the new generation prospects are more comfortable, as the world is advancing to mobile application based portals accessible through smart phones.
- 🚗 The spectrum of e-portal can be made to cover commercial vehicles, earth moving equipment and two wheelers segments in due course of time, as the same is the need of the hour.

- Indian Automotive Industry after restructuring can become a role model for other countries where it can be implemented.
- This e-portal also can extend its services in terms of providing information about accessories and maintenance based on the user's brand and models.
- This e-portal can also extend its services for buying and selling pre-owned cars based on the condition of the car and demand supply factors in the market.
- As the database evolves, this becomes a critical source of information for all manufacturers to conduct their Research and Development, as this will collect preferences of automobile prospects all over the world.

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