Growth Imperatives in a booming Auto Aftermarket Industry

Using AI in the Auto Aftermarket Space

DIGILYTICS

Overview of the Indian Auto Aftermarket

According to an article in Economic Times, the expert view Indian Auto Aftermarket as a booming and is Forecasted to be almost $17 billion by 2025 and will grow by CAGR of 12%.

Although Covid had hit the Auto Industry globally, the post-covid period has generally been followed by recovery and India is amongst those countries which are growing at a fast pace.

This can be seen by the growth rate in the Aftermarket Revenue of various Auto companies. According to our internal research, the Aftermarket Revenue of some companies has been growing at a rate >30% in FY22 as compared to FY21 and having a CAGR > 15% from FY19 to FY22 which means the opportunity to grow is huge.

Imperatives for companies in a booming Aftermarket

Digilytics believes that a very important part of the value chain in the Automotive where Artificial Intelligence can be of a great use is the Auto Aftermarket.

The Auto Aftermarket has a very complex chain of distribution where the spare parts have to pass through various touchpoints of Distributor, Retailer, Influencer and ultimately to the end consumer.

According to our research, some of the areas where the companies can aim to grow using Artificial Intelligence are as follows:

1. **Reach**: Here companies can aim to see the whitespace in terms of the spares sales by comparing the same against the Vehicle Parc in a particular geo. This requires integrating of external data like VAAHAN, SIAM. This can help in determining the potential in a particular geo. Also, in Reach companies can also see the whitespace in terms of the Retailer and Mechanic reach in terms of the Channel Partners and Influencers which the company has not yet covered in a particular geo. Ingesting the external data of new Channel Partners and Influencers to increase reach can give a huge boost in spares sales.

   An example can be shown below of the Retailer data in a few cities
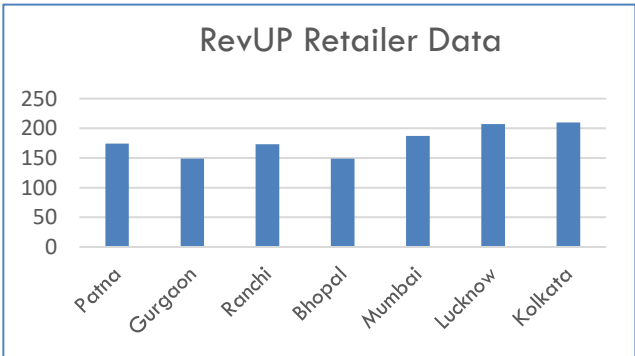
   Note: The RevUP Retailer data given here is verified by taking 10% sample size of total of every city and verifying the same

2. **Range**: Here companies can aim to increase the breadth of their SKUs by cross-selling to their channel partners and increase the depth of their SKUs by upselling to their channel partners. Doing cross-selling, upselling through recommendation models using AI can benefit the company to a huge extent using the company's historical data as well as the external data. Here Forecasting through AI/ML models can help in inventory planning and reduce inventory cost.

3. **Mode**: This is where company has to communicate with their channel partners as well as maintain internal communication. The model outputs of range as well as reach can be communicated to the field force through instant messaging platforms which can help the field force take a decision in the field on how to increase the breadth and depth of the SKUs for greater sale. The instant messaging platform can also help the field force identify the Retailers and Mechanics that they have not covered yet. The platforms can help save time and enable quick decision making of the field force to improve sales.

An example can be shown below of mode
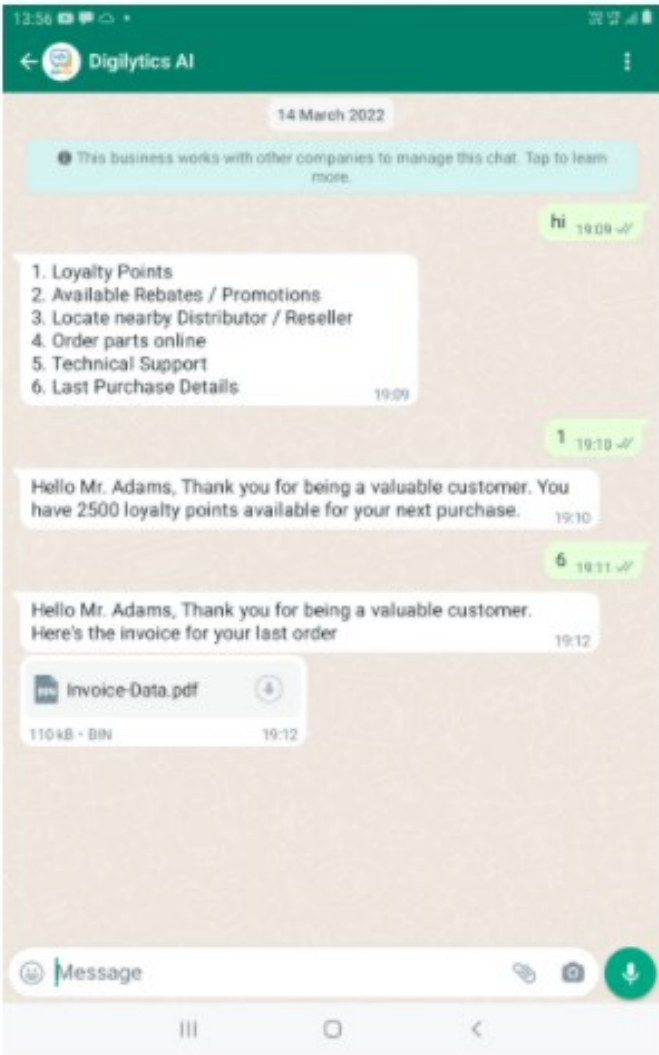
Digilytics as a Pioneer in Revenue Growth Management

Digilytics, is a pioneer in providing easy-to-use AI products for Revenue Growth Management in the Auto Industry.

Digilytics RevUP helps in:

1. Understanding of Whitespace
2. Using external data like VAAHAN & SIAM.
3. Using external data of Channel Partners and Influencers through the web.

Improved mode of communication:

1. Consuming analytics on an instant messaging platform.
2. Proactive intelligent assist to highlight whitespace on an intelligent messaging platform.
3. Sharing of observations and communicate actions with relevant individual or group.

Improved Understanding of Customer Behavior:

1. AI-enabled techniques to segment customers and develop unique growth strategies.
2. AI-enabled SKU-level recommendations to detect opportunities to upsell and cross sell.
3. Near time signals to detect and address customer attrition.
4. AI-enabled sales forecasting to help in Inventory planning.
5. Health of the distribution network: Distributor reach, Part reach, Retailer and Service Reach.

Granular visibility of Revenue Underperformance:

1. Granular visibility and Diagnostics of Revenue Performance
2. Market share, product categories, Geography, Channel Partner, Organization
3. Internal benchmarking across market, customer segments and product categories.

About Digilytics AI

At Digilytics™, we aim to drive business value leveraging our platform. In an ever-crowded world of clever technology solutions looking for a problem to solve, our solutions start with a keen understanding of what creates and what destroys value in your business. Founded in 2014, by Arindom Basu, the leadership of Digilytics™ is deeply rooted in leveraging disruptive technology to drive profitable business growth. With over 50 years of combined experience in technology-enabled change, the Digilytics™ leadership is focused on building a values-first firm that will stand the test of time. The leadership strongly believes in the ethos of enabling intelligence across the organization. Digilytics™ is headquartered in London, with presence across India. All rights reserved. Other company and product names may be trademarks or copyrights of their respective owners.

About the Authors

Rohit Sehgal, rohit.sehgal@digilytics.ai

Chief Solutions Officer at Digilytics AI. Ex-Accenture partner heads Professional Services & brings 30+ years of experience from Accenture & TCS. He is a B. Tech from IIT-Delhi & MBA from IIM-Ahmedabad

Akshat Dev, akshat.dev@digilytics.ai

Akshat Dev: Digilytics India sales strategy and brings significant experience in B2B sales strategy. Has an MBA in Marketing from IMT Ghaziabad.

Get in touch with us

London Office:
85 Gresham Street
London – EC2V7NQ
Call on: +44 208 947 0137
ask@digilytics.ai

Gurugram Office:
CoWrks, 5th Floor, Tower A, Building 10, DLF Cyber City, DLF Phase 2, Sector 24, Gurgaon – 122002
ask@digilytics.ai

Bibliography

- ET Auto "Indian Auto Parts Aftermarket Biz to reach USD 17 billion by 2025: Experts" https://auto.economictimes.indiatimes.com/news/auto-components/indian-auto-parts-aftermarket-biz-to-reach-usd-17-billion-by-2025-experts/82238937

DIGILYTICS