DIGILYTICS

Data Science & Vehicle Parc Data

Recipe to accelerate sales growth in auto spare parts industry

Introduction

Vehicle Parc is one of the indicators of economic well-being of a country/region, an increase in vehicle parc indicates economic growth of that region and the prosperity of its residents. For Auto OEMs & Ancillaries also, this is a key indicator to drive their aftermarket business. Along with T1 cities, auto companies are now looking towards Tier 2, Tier 3 cities, and Rural Areas for growing their vehicle & aftermarket revenues. With the right insights from granular vehicle parc data through Data Science, Auto OEMs & Ancillaries can derive high value use cases to capture aftermarket potential.

Challenge to acquire next level of growth in spare parts business

Automotive spare parts aftermarket is an ever complex & competitive business. Operating a successful spare parts business through independent distributors is even more challenging and involves Sales & Marketing leadership along with On-ground teams to work rigorously to stay ahead of competition. It also means S&M teams' have limited bandwidth to execute newer ways to grow business and are dependent on traditional growth levers & KPIs like Range, Reach, Receivables, Promotions etc. Every company in this business is largely working on these traditional KPIs & growth levers, these may have proved to bring competitive advantage in past but since everyone in the trade are using the same levers, getting a future growth from their traditional application is becoming increasingly challenging.

Vehicle parc data: From just an input in annual business planning to driving revenue growth & resource optimization

The solution to this problem lies in bringing creativity & targeted resource mobilization while using the traditional growth levers. Analytics driven use cases using Vehicle Parc is one such way to boost growth and stay ahead of competition.

Traditional usage of vehicle parc has been largely limited to estimating sales forecasts at Country/State/Territory levels. Forecasting application of vehicle parc is usually an annual exercise during business planning. This makes the overall system non-responsive to change in vehicle parc (and hence potential) at granular levels (city/district). It eventually leads to sub-optimal resource allocation (sales manpower/promotions etc.) and sub-potential business growth.

How a company in spare parts distribution can accelerate growth using Vehicle Parc data

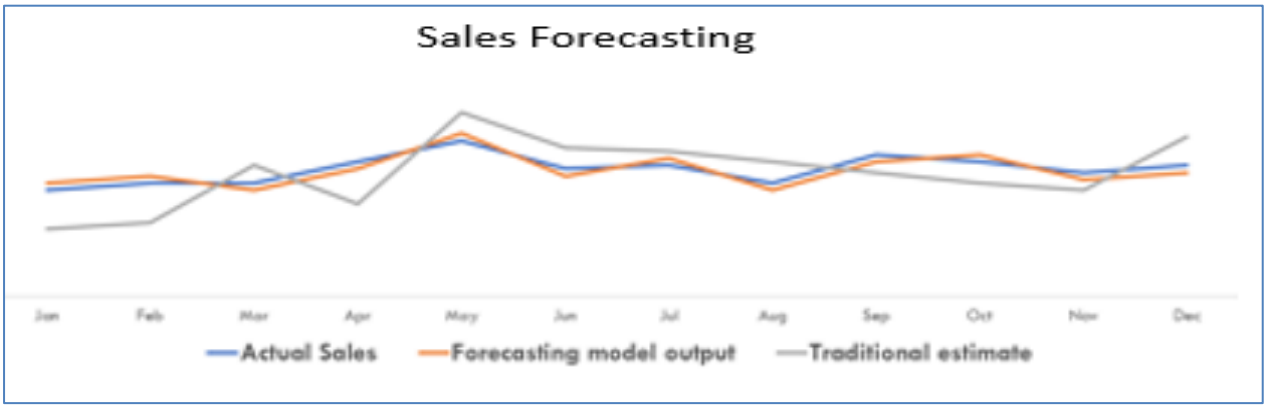
A confluence of granular Vehicle Parc data and Data Science can enable several use cases with positive business impact. We propose three use cases with high business value which uses vehicle parc important input.

1. Sales forecasting
2. White-spot district identification
3. Channel expansion planning

Sales Forecasting

There is a lot of potential to unlock immediate business value by being able to forecast SKU

level sales monthly. Applying AI & Analytics on dynamic vehicle parc, historical sales data and other parameters, we can near accurately forecast short-term SKU level sales. Forecasting with this approach at Distributor level can potentially unlock great efficiency in spare parts supply chain subsequently improving overall throughput.

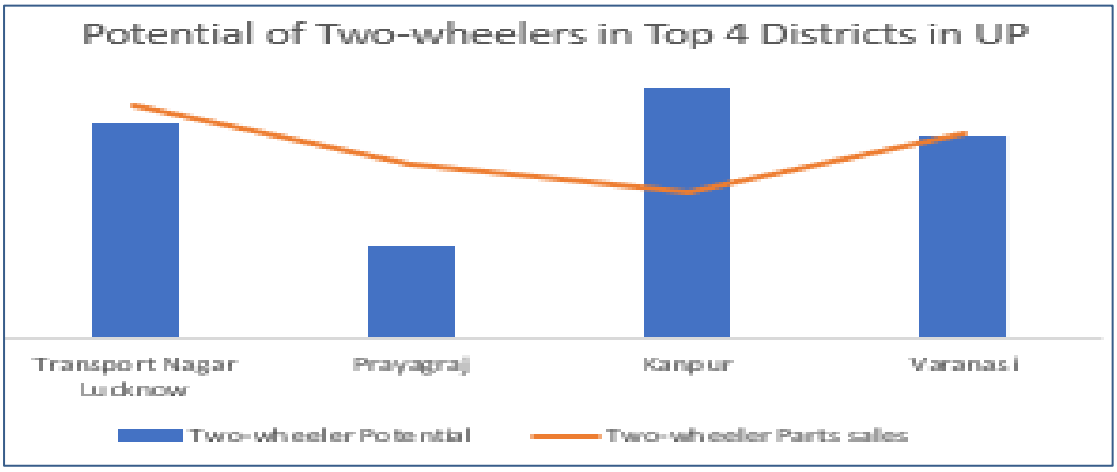


White-spot district identification

In an usual ongoing business, it is very common to focus efforts on Distributors/Districts which are having high contribution to overall sales. The problem with this approach is that, on-ground sales teams tend to miss potential available in other districts. It may be a usual case where there is either no or very low presence of sales & market development efforts in these districts. This eventually leads to a great loss of sales & overall low market share.

Timely identifying such opportunity districts would enable sales leadership to mobilize sales & promotion efforts in these districts to develop & penetrate further. This will greatly add up in overall sales leading to a high sales growth & wider reach of products.

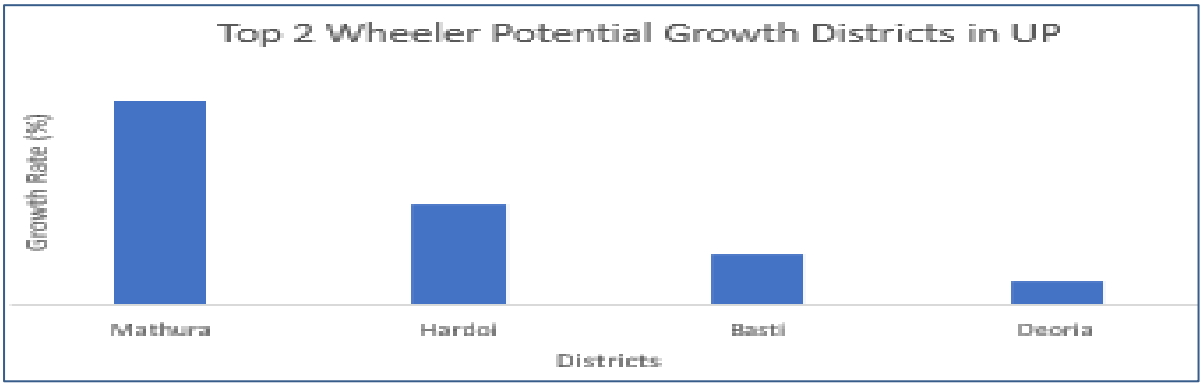
A comparative dynamic analysis of vehicle parc potential along with sales would help in unlocking this value.



Channel expansion planning

Channel expansion is a key activity to tap into untapped/under-tapped markets. Traditional approach is driven by achieving number targets of New Distributors appointment which is a sub-optimal of expanding channel. There have been many instances where companies appoint new distributors, but the incremental sales realization is very low. Also, In some cases these newly appointed distributors closes their operations with the company in just few months. All of this leads to wastage of precious efforts by sales teams.

Setting up clear framework for channel expansion and giving directions on the same is a key task for the sales leadership. The framework could be based on among other parameters like replacing a non-performing distributor with a new one. But in most of the cases the framework should clearly identify districts/areas with segment-wise top growing potential districts for the company sales. Applying analytics with dynamic vehicle parc data allows the sales leadership to execute this framework in the most efficient manner.



Summary

Insights through data Science's applications on vehicle Parc data can significantly impact a wide array of aftermarket business areas ranging from Demand forecasting, Supply chain, Sales & Marketing, Network expansion etc. These insights coupled with insights from aftermarket sales can further unlock a great value proposition for Auto OEM & Ancillary aftermarket business.

RevUP by Digilytics

AI driven SaaS based RevUP product is built with deep industry insights. It seamlessly ingests data from external sources and provides actionable insights for Sales leadership & Field teams in auto aftermarket to accelerate revenue. Vehicle parc use cases from RevUP are one among many industries leading features of RevUP.

About Digilytics AI

At Digilytics AI, 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 AI is deeply rooted in leveraging disruptive technology to drive profitable business growth. Digilytics RevUP is an AI-charged revenue growth management product for the auto aftermarket. 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 AI is headquartered in London, with presence across India.

About the Authors

Bhupendra Singh, Bhupendra.singh@digilytics.ai

Bhupendra Singh: Bhupendra is a Consultant at Digilytics having over 12 years of experience in Consulting & Automotive industry in building digital businesses and managing distribution channels. He is an alumnus of MDI, Gurgaon.

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 ask@digilytics.ai