

# GROWTH STRATEGY FOR AUTOMOTIVE AFTERMARKET PARTS



## Ipsos Business Consulting

**Client:** A leading automotive parts manufacturer  
**Industry:** Automotive  
**Solution:** Go-to-Market, Optimal Channel Strategy

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### Introduction

A global leading manufacturer of automotive parts wanted to further grow its business in the starter/alternator industry in China. Ipsos Business Consulting worked closely with client teams to assess market potential for target products and distribution channels to eventually develop a customized expansion plan for the client.

### About the Client

The client is a well-known global company for automotive parts manufacture that has offered a wide range of premium products to customers since the 1800s.

### Business Issue

The client's automotive starters and alternators have a market leading share in the Original Equipment (OE) and Original Equipment Supplier (OES) markets. However, its share within the Independent Aftermarket (IAM) has lagged behind its key competitors. In addition, it had recently bought a smaller company focusing on starters and alternators. Hence the client approached Ipsos Business Consulting help them to have a better understanding of the aftermarket landscape in China for starters/alternators so as to be able to grow their market share.

### Ipsos Business Consulting Solution

We applied a four-stage approach to generate solid market understanding and to form the channel strategy to support the client's business expansion.

The first stage was designed to assess the market potential of the starter/alternator aftermarket industry in the different automotive segments. We developed a sound understanding of the passenger vehicle, commercial vehicle, and remanufactured parts markets in terms of historical and future vehicle population and major producers. Moreover, we estimated the market size of target products for both passenger and commercial vehicles by volume and value, by type of products, and by sales channel.

The second stage examined the distribution channels and pricing practices for the various categories of starters and alternators in different channels to different customer types. Specifically, we mapped the value chain in different channels, examined product usage rates among different players in the value chain, and identified selection criteria and the channel preferences by different customer types.

The third stage evaluated the competitive environment and identified the key success factors of competitors to understand "best in class" practices. We estimated the market share of major competitors and analyzed their business models and key success factors to provide benchmarking points to our client.

In the last stage, we provided strategic recommendations, suggesting expansion plans, prioritization of key products for different markets, and development of sub-brand(s). Additionally, we also developed a product application database for the top 100 fast-moving vehicles.

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## Results

As a result of the study, the client was able to gain profound understanding of aftermarket parts distribution, channel structure, channel margins, and end-users' requirements. Findings were also incorporated into the client's internal growth strategy for both their own brand as well as the sub-brand of the new company they bought