

A Study on Sales Strategy Adopted in India in Tyre Industry, How to Change the Same to benefit the Customer



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ABSTRACT

Distribution System has some problems that is company delay in time in giving Tyres to the dealer who sells the tyre to customers, they(Company) give tyres when they have sufficient order, that is transport vehicle should a full load. Why can't all the companies near by tie up together to send the tyres in a single transport vehicle there by saving time for the customer. Customer who is plying to far of places would be benefited. Customer should give a online request for want of a tyre to the Dealer and cc to company avoiding phone call by saving time and time.

KEY WORDS

Distribution, ICRA, Online and Tyre

INTRODUCTION

Sales executives are responsible for many activities. They participate in setting selling and profit objective, formulating sales related marketing policies and designing personal selling strategies. They build and develop a sales organization, to carry the sales program me into effect. They integrate the sales organization with the distributive network and other company marketing units (such as advertising, sales promotion and physical distribution).

Sales analysis is the part of sales strategy. It detects strength and weakness, each type off sales analysis shed light on a different aspect. Analysis of sales territories answer how much is being sold. Analysis of sales by product answers how much of what is being sold. Analysis of sales by customer answers who is buying and which tyre. All sales analysis related to how much is being sold. Customers face problems in getting a Tyre on time, with a good price. This can be made easy by the method suggested below.

REPORT ON THE TYRE INDUSTRY

High growth in the automobile sector coupled with rise in replacement demand is providing impetus to the tyre market in India.

The report provides a snapshot of the tyre market. The report begins with a brief overview about the global tyre market showing the break up of tyres produced for specific vehicles, nation-wise share of global market and the global competitive landscape. Overview section includes the estimated market size of the tyre industry in India, present growth rate of production of tyres. The report discusses the role and significance of the raw materials required for manufacturing tyres. It provides a break up of the cost, the consumption and the imports of raw material.

The report contains a product segmentation section which provides a comparative study between radial tyres and bias tyres manufactured in India.

An analysis of drivers reveals that replacement demand, rising automobile sales, scope in radialization, increasing exports, road projects in the pipeline. The key challenges identified include price volatility in rubber prices and absence of raw materials. The key trends identified emergence of tubeless tyre market, advent of green tyres, players focusing on radial tyres, re-treading of tyres.

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Distribution network with typically higher margins in the replacement market, companies need to invest in brand building and distribution network, which acts as an effective entry barrier. A nationwide distribution network and strong brand recall are factors critical to tyre sales. Domestic companies enjoy the advantages of an existing distribution network. Thus new entrants will have to spend higher on marketing, distribution and advertising to maintain brand visibility among foreign major.

India has emerged as one of the world's most competitive tyre markets due to vast availability of raw material (natural

rubber) and ultramodern production facilities. According to replacement demand. Growth in M&HCV replacement our research report “**Indian Tyre Industry Analysis**”, the demand however could be affected by a slower economic Indian tyre market has attracted global manufacturers on growth.

account of encouraging growth figures. These manufacturers are expected to invest huge amounts into the industry over the next few years, with a major proportion of this investment directed towards the Truck & Bus (T&B) radial tyre capacity expansion.

The implementation of brown-field projects is executed to cater to the growing demand. Greenfield units are expected to go on-stream in the coming years, just by the time when there will be an urgent need to bridge an increasing demand-supply gap in T&B radial tyre segment.

India is known to be an appetizer of invention and implements new technologies and products, and tyre industry is no exception to this. The concept of ‘**green tyres**’ is becoming a paradigm of the country’s competitive edge. This new category of tyres is now being widely accepted in India, and it is expected that in the coming years, the demand for green tyres will outperform the overall passenger tyre demand in the country.

India’s market for radial tyres in commercial vehicles section is still an infant. The passenger car segment switched to radial tyres in a short period of time, with radial tyre penetration level for the category reaching 98%. Besides, the penetration level of radial tyre has also started to increase rapidly in the light commercial vehicles and truck & bus segment. This segment will be the largest growth area over the next few years.

The report evaluates the future growth potential of India’s tyre industry, and provides statistics and information on market structure, tyre production by segments, exports and imports trends. Tyre market projections, in value terms, have been provided for all prominent segments, including passenger cars, utility vehicles and multi-purpose vehicles. This will provide clients with cutting edge market intelligence and help them make sound investment decisions.

Tyre industry to invest up to Rs 10,000-cr by 2013

The domestic tyre industry has lined up investments worth over Rs 10,000 crore between now August 2013. The additional investment is in 19 tyre projects targeted for completion this year. A major chunk of the projects are coming up in Gujarat, Tamil Nadu and Maharashtra.

Industry experts say that post-2013, with the stabilization of these projects and the availability of incremental domestic radial capacities, the dependence on Chinese imports would reduce. “Despite the worrying macroeconomic indicators and a general slowdown in domestic automotive sales, the Indian tyre industry continued to post a healthy 25-30 per cent revenue growth during the first quarter of 2011-12 supported by strong replacement and export demand,” said a report prepared by ICRA.

For fiscal 2011-12, while ICRA expects moderation in automotive OEM tyre demand, the strong growth in OEM sales in the last two fiscals is expected to translate into higher

Besides grappling with high input costs and weak demand, domestic players are expected to face additional pressure with the lifting of anti dumping duty (ADD) on Truck and Bus radials (TBRs) imported from China and Thailand, the lifting of ADD makes the imported TBRs cheaper by 15-20 per cent, limiting domestic demand and pricing power.

Of this, bulk of the investments are expected in fiscal 2011-12 with 19 tyre projects targeted for completion this year. The industry has already witnessed an addition of 17.7 lakh tyres from JK tyre, Metro Tyres Limited (Metro tyres) and Bridgestone India Private Limited during the first quarter of fiscal 2011-12.

Apollo Tyres investing Rs 2,300 crore in Tamil Nadu and Gujarat, Balakrishna Industries investing Rs 1,400 crore in Gujarat and Maharashtra, Bridgestone is investing Rs 3,210 crore in Pune and Pithampur, Ceat is investing Rs 340 crore in Maharashtra, Dunlop is investing Rs 450 crore in Assam, Falcon Tyres Rs 570 crore in Uttharkhad and JK Tyres investing Rs 1,815 crore in Tamil Nadu and Karnataka. Michelin group investing Rs 4,000 crore investments at Chennai, which is spread over a period of seven years.

Distribution of Tyres in India

The distribution system consists of distributors, followed by large dealers and also small/sub dealers. Some tyre companies also follow a system of appointing C&F agents, in place of distributors.

Replacement Market

Tyre companies sell tyres through widespread dealer distribution net-work either through exclusive dealer of the companies or through multi-company dealers.

OEM

Direct supply by tyre companies through negotiations.

STU

Direct supply by tyre companies through tender system.

Government

Direct supply by tyre companies through tender system.

Export

Through dealers in the exporting countries.

Import

Some tyre companies also import tyres. Such imports are generally from the principal company overseas or from technical collaborator or from tyre companies with which it has an alliance for a particular line of tyres.

Table 1 a (In Lakh Nos.)

Tyres for:	2010-11	2011-12	% Change
Truck & Bus	76.08	77.99	3
Passenger Car	124.46	134.19	7
Jeep	7.63	7.47	-2
Light Commercial Vehicle	28.40	34.00	20
Tractor Front	13.88	14.19	2
Tractor Rear	9.18	9.73	6
Tractor Trailer	4.64	4.60	-1
Animal Drawn Vehicle	1.30	1.31	1
Scooter / Moped	91.61	109.80	20
Motor Cycle	209.91	229.31	9
Industrial	3.00	3.36	12
Off the Road (OTR)	0.91	0.98	8
Total	572.00	626.93	10

Table 1 b

Export Realization/Value			
Year	Value (Rs./crores)	% Change	CAGR
1999-00	864	7	15%
2000-01	1190	38	
2001-02	1100	(-)8	
2002-03	1250	14	
2003-04	1460	17	
2004-05	1834	26	
2005-06	2383	29	
2006-07	2850	20	
2007-08	3100	9	
2008-09	3585	16	
2009-10	3625	1	
2010-11*	2877		

RESEARCH METHODOLOGY

It is Questionnaire given to Customers, Dealer Shops and Company Offices in all major towns and Transport Areas like : Nammakal (Tamil Nadu) , Saluru (Andhra Pradesh), Haldwani (Uttar Pradesh) Ichapuram (Andhra Pradesh).

Sampling Method used is non probability method.

CHANGING THE SELLING OF TYRES:

Customer should give a online request for want of a tyre to the Dealer and cc to company avoiding phone call by saving time and time. As the company billing section would bill the tyre to the closest dealer, who would book it to the Customer site. Credit limit of the dealer is taken into account while billing, if no limit cheque would be deposited according to the time. If the customer is stationed in the place of the Dealer, after he/she selecting the Tyre they would collect the Tyre from the company premises to avoid delay in Time.

In this way Customer will Save Time and Money both.

CONCLUSION

By this study, I want to focus on which is very important for the Company to save time for the customer and whose products are running in the market. Research Methodology would find Customer's view as well as Dealer's view. This could be used as a Marketing Strategy by Marketers to increase the sales of the present products. This could be the solution by saving time and money to the Customer.

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OEM stands for Original Equipment Manufacturer.

STU stands for State Transport Undertaking.