

*Auto owners' only craze  
is to experience alternatives*



## Shining Perspective

- Eco-friendly application in the vehicle is a costly affair today
- Need to get into micro details of **product planning** with different customer segments to evaluate the mass potential for designing a low cost, high functionality, aspirational vehicle
- India has the potential of selling huge volumes. With volume, the automobile manufacturing cost goes down
- The volume perspective can be used for making a low cost green vehicle in India so that India can lead the world in the low cost green ride

## India being at helm of Growth

Growth in demand for automobile market world over will be driven by technological innovation aimed at making vehicles greener and environmentally friendly. India will emerge not only a major market and hub for global automobile market but also a favored destination for automobile majors to outsource more processes.

## Changing consumer needs

2011 will see increasing demand for remodeling accessories from individualistic consumers. Fuel efficiency, advanced fuel technologies and environmental sensitivity will affect the future trends. The development of cleaner, alternative and renewable fuels like CNG, hydrogen and bio-fuels will complement industry spending in greener vehicles.

Sales of hybrid vehicles will increase while the sector will see increasingly more investment in greener technologies. Consumers preferences, driven by chaotic urban development and infrastructural constraints will be increasingly towards smaller and more fuel efficient vehicles being developed by Asian and European automobile companies. Compact Utility vehicles, Sales of hybrid vehicles will increase while the sector will see increasingly more investment in greener technologies. Consumers preferences, driven by chaotic urban development and infrastructural constraints will be increasingly towards smaller and more fuel efficient vehicles being developed by Asian and European automobile companies. Compact Utility vehicles.

## Industry Outlook in 2011

2011 will be a year marked by players coming out with high priced two and four wheelers targeted at luxury driving.

The industry will shed unprofitable assets intended towards rebalancing of portfolios while investing in newer technologies.

Year 2011 will see concentrated visible industry efforts in promoting cleaner, renewable alternative fuels like CNG, hydrogen and bio-fuels to steer the focus towards technologies which are greener and environmentally friendly.

## Industry Growth Drivers

- Economic growth
- Emerging market
- Easy availability of finance
- Greater affordability of vehicles
- Favorable government policies
- Availability of a variety of vehicle models meeting diverse needs and preferences
- Increased demand for smaller, more fuel-efficient cars
- Increasing Environmental awareness

## The Market

- The Global Automobile industry sales volume was 66.2 mn in 2007
- Industry sales grew by 5.75% in 2007
- Global Automobile industry accounted only 2% (\$1.3 trillion) of Global World Product (GWP) of \$65.61 trillion(2007 est.)

## Industry Competitive Scenario

- Highly competitive global market
- Shifting balance in the global auto market
  - BAIC buys GM's unit Saab, and another Chinese company ZGHC buys Ford's Volvo

- Outsourcing to sustain cost
  - Offering contracts for manufacturing entire cars, from design to assembly, to the sub-contractors
- Companies are seen re-locating their production centers to lower cost location
- In North America, companies are moving centers from Detroit to the South and South West while Central Europe (Poland, Czech Republic, Slovakia, etc.) is the preferred location for new production centers in Europe
- Major Players
  - Toyota Group
  - GM Group
  - Ford Group
  - Renault-Nissan
  - VW Porsche
  - Hyundai Group
  - Honda Group
  - PSA Group
  - Fiat Group

- Chrysler Group
- Suzuki Group
- Daimler Group
- BMW Groups
- Others

## Industry Complexity

- High entry barrier
  - Huge capital investment required
  - Govt. regulation
  - Taxation
  - Stringent environmental norms
  - Reducing CO2 emissions
- Access to capital
- Managing operational flexibility
- Managing economies of scale
- Supply chain management
- Inventory optimization
- Managing cost and profitability
- Managing productivity



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