

Research Approach and Methodology

Research Objective:

Estimate the size of the automotive component aftermarket in India and conduct a qualitative assessment of the current industry trends and practices.

Research Process:

The research process comprised a blend of primary and secondary research. Primary research included in-depth interviews with over 1,100 respondents across the country. The sample covered all the key stakeholders of the automotive component aftermarket, namely, distributors, wholesalers, retailers and mechanics with even coverage across the different vehicle segments. The sample for the field research was spread across 60 locations.

The findings from the field research were further validated through in-depth interviews with automotive industry experts from vehicle manufacturers and automotive component manufacturers. The vehicle parc figures used in the study were estimated based on the data obtained from the individual State Transport Authorities*.

Extensive consultations were undertaken with the ACMA members to verify all the research findings and ensure that they were reflective of the true realities of the automotive component aftermarket.

**As the vehicle parc data obtained from the various State Transport Authorities varied in categorization and timeline, an informed approach was applied to ensure that the data from the various sources was streamlined to a single consistent format for use in the study.*

Segment Specific Assumptions:

1. The annual average mileage for 2 wheelers ranges from 8-12,000 kms, depending on the city type, i.e. tier 1, tier 2 etc.
2. For the aftermarket potential estimation, a national average annual mileage of 10,000 kms has been assumed.
3. For the 3 wheeler segment, the average annual mileage for passenger and commercial 3 wheelers is assumed at 30,000 kms.
4. For passenger cars, the average annual mileage for private vehicles ranges from 10-18,000 kms, and that for taxis ranges from 18-36,000 kms per year.
5. The split of fuel types in passenger cars is assumed as 60% petrol and 40% diesel cars.
6. Accounting for the above assumptions, the annual average mileage for petrol car is assumed at 15,000 kms while that for a diesel car is assumed at 21,000 kms.
7. For light commercial vehicles, the average annual mileage is assumed at 30,000 kms, while for medium and heavy commercial vehicles, the average annual mileage for M&HCVs is assumed at 72,000 kms.
8. For tractors, the average annual running hours is assumed at 600 hours.

Methodology for Estimation of the Aftermarket:

1. The national vehicle parc was estimated based on data collected from individual State Transport Authorities.
2. The estimated vehicle parc was used to arrive at an age profile for each vehicle segment, and also to estimate the relevant vehicle population for use in the estimation of the automotive component aftermarket size.
3. The replacement cycle for each component was arrived at based on the primary research conducted with mechanics across all the vehicle segments, which were further validated through in-depth interviews with industry experts.
4. The component replacement cycles and the vehicle parc were used to arrive at the relevant vehicle population for each component.
5. The component prices used in the estimation of the market size are super net prices, i.e. excluding VAT, discounts and excise duty.
6. Based on the research findings, the components consumption in each vehicle segment was split between OE spares, independent aftermarket branded spares, and unorganized parts to arrive a weighted average factor.
7. This weighted average factor was applied on the super net price for each component to arrive at each individual component price.
8. This weighted average price of each component was consequently applied to the estimated number of units for each component, to finally arrive at a potential value for the aftermarket.