

## **Collaborative Supply Chain in Auto Service in India**

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### **Abstract**

While the growth percentage of automobiles in India is at 11% CAGR in last 10 years, the auto OEMs struggle to cope up with the increasing service demand especially for the newer vehicles. There has been a declining trend for the older vehicles to visit authorized service repairers. With the advancement of vehicle technology, the services by unorganized workshops become more and more difficult due to lack of skill and knowledge to handle the modern technology in the vehicle design.

This study is made on passenger vehicle industry in India which is witnessing a CAGR of 9.7% in 15 years with presence of almost all major MNCs besides the strong domestic players. The service channel in PV segment is divided into three categories – (a) OEM authorized Service Centres (b) Multi-brand Outlets (MBO) and (c) Independent Garages (IG). According to estimate in the industry, the share of OEM ASC is 49% of the total service market and the IG caters to 50%. According to Bhattacharjee et al. (2013), the total service market size is INR 280 billion. It is gathered from the industry that the number of car service workshops under IG category in India is around 75000 vis-à-vis 7000 of OEM ASC and 2000 of MBO. The number itself speaks the size and diversity of business through IGs.

This necessitates the auto OEMs or major professional groups to come forward in developing a supply chain model to use the vast network of IGs in the unorganized sector to give them an organized platform for the benefit of customers by providing a sustainable value chain.

A collaborative supply chain model has been worked out between an OEM giant and a Lubricant major in India to upgrade the IG sector and also garner business. The OEM has the expertise in servicing and sourcing genuine spares for all makes and models of vehicles and the Lubricant company is willing to offer financial support to IG for upgradation of facilities and for equipment against contracted quantity of lubricant purchase within a specified time. The following matrix will make the model very clear in terms of the roles of collaborating partners..

Partner	Gains to IG & responsibility of partner (noted as R)					
	Brand share	Upgradation of facility	Equipment support	Standardization of process & system	Skill & knowledge upgradation	Supply of genuine spares
OEM	R			R	R	R
Lube Co.	R	R	R			

The OEM will position the spares through a hub and spoke model based on the demand placed by the IG through the CRM platform provided by the OEM. The skill and knowledge developed for IG will be at a centralized training centre. The lubricants will be supplied through the supply chain of the Lubricant company and nurturing of the business of IG will also be overseen by the supply chain partner of the company.

Hence the described model gives a win-win situation for all the stakeholders – OEM partner, lubricant partner, IG and the customers.

### **Keywords**

Collaboration, Auto service, Independent garage, passenger vehicle, win-win

### **Biography**

**Debabrata Bhattacharjee** is currently the Country Manager of Indian Oil Corporation Limited in Myanmar. He has been working for his organization for more than 31 years and has varied experiences in the fields of marketing, business development, retailing, brand management, project management, construction management etc. He has earned B.E. in Mechanical Engineering from National Institute of Technology, Durgapur, India; Post Graduate Certificate in General Management from Indian Institute of Management, Calcutta, India; Master in Business Administration from University of Ljubljana, Slovenia and PhD in Management from Birla Institute of Technology, Ranchi, India. His area of research has been in supply chain collaboration. He has published papers in many national and international journals including Emerald Journal of Strategy and Management, International Journal of Logistics Systems and Management etc. and also presented papers in many international seminars. He has been regularly guiding MBA students for their research projects.