**Spearheading the spare part brand MFC at Mahindra First Choice Services Ltd**

Yogesh Deshpande, (Rest of Maharashtra - Area Business Head, Mahindra First Choice Services),[[1]](#footnote-1) while driving from Mumbai to Pune, after the annual review meet in December 2018 got some problem in headlight of his car. It was a break to his energetic growth ideas for MFC spare part brand, after the interesting annual review meet of Mahindra First Choice (MFC) brand of the spare parts for the multi-brand Car service business[[2]](#footnote-2) of Mahindra First Choice Services Ltd (MFCSL). With this experience on Express highway, Yogesh recalled his old service experience problems of spare parts, when MFCSL had to source these from the parent companies of customer cars. Yogesh was satisfied with the availability of the required spare part, probably due to the recently started BAZAAR[[3]](#footnote-3) channel for the distribution of MFC brand spare parts in the open market. With the launch of two wheeler multi-brand service vertical in year 2018, MFC spare part brand was poised to grow faster than ever before. Management mandated him to have a business plan of MFC brand spare parts. According to the thought line of Yogesh, the MFC spare parts brand, which was primarily launched to support the needs of MFCSL outlets, needed to be marketed aggressively across the auto spare part market with the BAZAAR distribution channel. The launch of two wheeler service vertical was a real opportunity for him to grow. He decided to have a business plan by Feb 2019. It was crucial for him to leverage the opportunities coming from both the verticals i.e. four wheeler and two wheeler services. He knew that MFC spare part brand was a great marketing tool for him to grow service store network, hence started building the blocks of his business plan.

**The multi brand car service market[[4]](#footnote-4):**

The automotive aftermarket industry in car services has Rs 20000 Crs is expected to touch 30000 Crs by year 2020. 46% of the industry is driven by OEM service players. The remaining market has 53% unorganized players and 1% multi-brand organized players. The multi-brand service players are expected to grow up to 8 % market share by the year 2020. With over 230 million motor vehicles in India, multi-brand auto servicing business has a promising future indeed.

**About Mahindra First Choice Services Ltd[[5]](#footnote-5) (MFCSL)**

MFCSL, multi-brand car servicing arm of USD 19 billion conglomerate Mahindra group, had established itself as one of the leading players in the segment since its inception in year 2008, by clocking Rs 92 Crs in year 2017-18.

**Year 2008-2013: COCO[[6]](#footnote-6) store expansion**

In the first five years MFCSL focused on operating through company owned company operated (COCO) multi-brand car service stores. MFCSL grew from one COCO to 35 COCOs by the end of the year 2013. The intent behind focusing on COCO stores was to have the business model in place for future expansion.

**Year 2013-2018:**

**Franchise expansion:** From 2014 MFCSL shifted focus to franchise business for aggressive growth plans (to achieve vision of becoming 3rd largest chain of workshops for after warranty cars in India). MFCSL grew to 100th store in year 2015-16.

**MFC spare part launch:** With the growth of multi-brand car service business, MFCSL experienced the growing problem of availability of parent car spare parts. Since it contributed significantly in the car service revenue of franchisee, MFCSL launched MFC branded range of spares & lubes focusing on improving franchisee margins in the year 2015. Inspired by the MFC brand contribution in the franchisee revenue, MFCSL launched BAZAAR channel for distribution of MFC spares in entire India, to further strengthen the MFC spare part business. This gave MFCSL a competitive edge over the competitors (who had own spare part brands), in terms of providing high quality and value for money spare parts to their customers, in the Rs 56098 Crs Auto spare market size (Year 2016-17) of India.[[7]](#footnote-7)

**Strong Market Presence:** By Dec. 2018, MFCSL had crossed 350 plus strong store network across 22 states with a milestone of having served over 3.3 million cars. In a strategic move MFCSL acquired its multi-brand car service rival, Carnation (Venture of Ex Maruti Suzuki MD- Mr. Jagadish Khattar).

**Entering Two Wheeler service segment:** In Feb. 2018, MFCSL launched another vertical of multi brand two wheeler workshops and within few months launched MFC range of spares & lubes for two wheelers as well.

**Major Competitors:**

My TVS[[8]](#footnote-8) is a part of TASPL founded in 2011 having 100 plus outlets in India with partners like Bosch, Warranty Inc., Myers and TVS AA. My TVS has its own brand car accessories.

Bosch Car Care services[[9]](#footnote-9) has over 500 Bosch Car centres,250 Express car care centres along with 150 Express bike service centres in India.

Carz[[10]](#footnote-10), founded in 2008 has over 10 car service centres in southern India.

**Spearheading the spare part brand -MFC:**

**Marching ahead:** Marching towards its vision - to be amongst the top 3 service providers for out of warranty cars by the year 2018, MFC services moved aggressively penetrating in the Indian automotive aftermarket and became market leader in the year 2017-18.

Yogesh had to make a business plan for the Mahindra first Choice spare parts under the brand- MFC for marketing in Indian market. Can the MFC brand be also taken into international markets and how? What could be the future road map for domestic and international growth in terms of -?

1. Marketing strategy with segmentation , targeting and positioning
2. Financial strategy for increasing ROI
3. Supply chain strategy for better distribution of MFC brand.

**Exhibit 1-MFCSL competitive advantage:**

|  |
| --- |
| 1. **High availability of spares with negligible inventory** |
| **•** first in multi-brand industry to supply 100% parts |
| • first to work on Replenishment model instead of Ordering model |
| • first in multi-brand industry to provide Warranty on Spares |
| •low inventory at MFCSL workshops Vs, inventory at competition workshops |
| 1. **Deployment of Robust IT Systems** |
| **•**Strong POS and Invoicing system –SAP |
| •Strong Spares Management System –SAP |
| • first in multi-brand industry with Catalogue for Multi-brand Spares |
| •First in multi-brand industry to provide CRM to Franchise workshops |
| 1. **Array of unique innovative products** |
| **•**Help First –Roadside Assistance product |
| •Save First –Annual Maintenance Packages |
| •AMC –Annual Maintenance Package with warranty on vehicle components |
| **•**Warranty beyond Warranty –Warranty on vehicle components after expiry of manufacturing warranty |
| •Insurance selling –Tie up with Mahindra Insurance Brokers Limited (MIBL) |
| 1. **Support in Business Development through innovative channels** |
| **•**Digital Marketing |
| •Mobile Marketing |
| •Online Collaboration –Just dial, Groupon, Mericar, Topwheelz |
| •National Toll Free Number |
| 1. **Continuous support on Capacity building differentiates us** |
| **•**Blend of Online and Offline Training programs |
| •Tech Support Centre –Technical Assistance Helpline |
| •‘UstaadonKaUstaad’ program –access to expertise across network |

**Source: MFCSL**

**Exhibit 2 Mahindra First Choice Services**

** **

**Source: MFCSL**

**Exhibit 3 MFSCL Pan India Foot Print Map 2018**

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**Source: MFCSL**

**Exhibit 4 Sales of MFC spare parts and cars serviced at MFCSL**

|  |  |
| --- | --- |
| **Sales (Annual) Data Parameter** | **Figures** |
| MFC sale Annual- | Over 50 Crs. |
| Number of Cars serviced annually | 3.3 Lacs cars |
| Franchisee Revenue from car servicing annual | 132 Crs |
| Number of Franchisees in India | 351 |
| Proportion of spare parts revenue to car servicing revenue | 60 % |

**Source: MFCSL**

**Exhibit 5: MFCSL annual sales data**

|  |  |
| --- | --- |
| **Year** | **Annual Turnover (Crs)** |
| 2016-17 | 76 Crs |
| 2017-18 | 92 Crs |
| 2018-19 | 142 Crs (Projected) |

**Source: MFCSL**

**Exhibit 6 Automotive after-market facts:**

|  |  |
| --- | --- |
| Average car/two wheeler services needed | 2.5  per year |
| Accidental services needed | 0.25  per year |
| Cars on Indian roads | 60 Million |
| Road-worthy cars | 28 Million |
| In warranty cars | 5 Million |
| Off-warranty cars and services needed | 23.6 Million |
| Total Two wheelers | 169 Million |

**Source:** <http://www.business-standard.com/article/companies/multi-brand-car-servicing-to-grow-116012100723_1.html> accessed on 15.03.2018

**Author:**

Prof. Dipanjay Bhalerao

Assistant Professor,

Indira Institute of Management, Pune.

1. Head –Business Operations- West Zone- MFCS [↑](#footnote-ref-1)
2. In this business, cars of all the brands are serviced at one service centre of the service company. [↑](#footnote-ref-2)
3. MFCSL distribution network for selling MFC spare parts in open market [↑](#footnote-ref-3)
4. <http://www.business-standard.com/article/companies/multi-brand-car-servicing-to-grow-116012100723_1.html> accessed on 15.03.2018 [↑](#footnote-ref-4)
5. <http://www.mahindra.com/news-room/press-release/mahindra-first-choice-services-crosses-the-1-million-car-services-mark> accessed on 15.03.2018 [↑](#footnote-ref-5)
6. COCO- (Company Owned Company Operated), is a type of retail store format. [↑](#footnote-ref-6)
7. **Indian Automotive Aftermarket ACMA report (2016-17)**. [↑](#footnote-ref-7)
8. [www.mytvs.in](http://www.mytvs.in) [↑](#footnote-ref-8)
9. <https://in.bosch-automotive.com/en_GB/repairs_and_services/bosch_car_service/bosch_car_service_1> [↑](#footnote-ref-9)
10. [www.carz.in](http://www.carz.in) [↑](#footnote-ref-10)