

Interview: Schaeffler India on aftermarket trends and need for standardization

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Nishant Parekh

S&P Global

Supply Chain and Technology, Automotive

Digitization and emergence of more independent workshops are some of the trends that the company is witnessing in its aftermarket operations.



Source: Schaeffler

Schaeffler India Ltd.'s Automotive Aftermarket division is responsible for its Spare Parts business and delivers repair solutions through its three brands — LuK, INA and FAG, which offer clutch release systems, transmission and engine applications. Additionally, the company offers a range of lubricants and other consumable products under the Schaeffler TruPower brand.

At the recently held Automechanika New Delhi 2024, Schaeffler India showcased its new-gen Serviceable Clutch Systems for Commercial Vehicles under the LuK brand. The system was created by Schaeffler India's research and development team in response to the need from the Indian market for a more economical version of the company's solution available in Europe, says Debasish Satpathy, president, Automotive Aftermarket, Schaeffler India, in an interview to S&P Global Mobility. The repair solution takes away the need to replace the entire clutch system. It involves replacing the pressure plate and the disc, and optionally the release bearing, with other components remaining in place, potentially doubling the lifetime of the product.

The company also plans to roll out the Repxpert app, which includes technical content, product catalogue and training content in India later this 2024. It believes that the recent merger with Vitesco opens up a great opportunity on the e-mobility side, which will allow Schaeffler to have a bigger product offering in the aftermarket in India.

We talked to Satpathy on growth drivers for the Indian aftermarket, the acquisition of e-commerce platform Koovers, need for data and service processes standardization for the Indian aftermarket, and more.

The following is an edited transcript of the conversation.

S&P Global Mobility: What are some of the key trends shaping India's aftermarket segment right now?

Debasish Satpathy: There are some interesting trends coming up but it is important to note that every company is at a different stage when it comes to adoption of these trends. Obviously, the first one that is spoken about a lot is digitization. India's aftermarket players are getting better and better at identifying the parts faster and accurately. This sounds very simple, but it is a very difficult and complicated job. Traditionally, India has not had a standardized procedure for the same, therefore finding information to make a purchase decision for a part that is a bit unique and not run-of-the-mill would take a lot of time. But now [it is] getting sorted.

The second trend is that of data standardization. Aftermarket in India is way behind Europe in that sense, and a standardized catalog is missing. Thankfully, several key aftermarket players are becoming alert to it and even at this show, I have heard that many players are coming together to put together a standardized catalogue. What this means for workshops is that when they put in the registration number for a certain component, they get all the product options and fitment details in one standardized manner.

The third trend is the emergence of more independent workshops because the business and service jobs are seen as more profitable. The number of retailers is reducing with more workshops coming

in, and several of these are led by people who have been a part of franchised network. The quality of workshops is improving too, but there is still a long way to go. For instance, changing a brake pad in a particular vehicle has the potential to have five different outcomes in terms of processes at five different independent workshops, which is not the case at a franchised network. Building trust with car owners is very important and that is only possible if there is standardization of processes. For that to happen, it is important for aftermarket players to provide service training. We at Schaeffler have rolled out the Repxpert Technical Training Van for passenger vehicle and commercial vehicles, to impart advanced technical training on transmission and chassis systems, and rapidly evolving automotive applications. The vans traverse key markets across the country to keep our technician partners abreast of the latest technologies and best practices. We impart training for almost 200 days a year with both the vans doing about 15,000 miles a year.

Are you seeing any positive results with these training programs?

In my early days in the aftermarket, getting people to come to a training program involved offering some incentives. But now that is not the case. Technicians are more aware about the importance of the right tools, right components and hands-on training as a means of improving customer service.

For example, clutches are high on technology and clutch fitment is a high-value job. The fitment needs to be accurate. We received feedback from the market asking us to develop a solution that is more economical than the one we have for Europe. In response to that, we have developed new-gen Serviceable Clutch Systems, which is getting a lot of attention and enquiries at this expo.

The service industry understands the pressures of the business and their interest level in trainings is rising. But to have a large impact, the top manufacturers need to come together to provide a kind of a certification or accreditation. We are also in touch with [the] Automotive Skills Development Council to explore how to provide this so that the talent remains within the aftermarket.

How should garages balance investments and skilling for catering to electric vehicles, even as a large part of the car parc remains combustion engine-powered?

You must master one side and start preparing for the other. We have already started selling some hybrid vehicle parts such as thermal management systems, but they are for high-end cars. But while those things are being made available, the focus is how to get the best out of [the] ICE [internal combustion engine] vehicle population, which is still the bread and butter of our customers and co-manufacturers. However, saying that, the EV readiness must start much earlier and it has to start with manufacturers. My team needs to go out in the market and understand the service elements and the key pain points, and that is what we have to address.

Moreover, since we are a global company, we already have some learnings from certain markets that are ahead of us. For example, we know that for electric drive axles, there are certain kinds of repair needs, and we have already started providing the repair kits. So, while ICE will remain the focus till 2030, covering 90-95% of our revenue, we will start building other capabilities too.

Does the acquisition of aftersales B2B [business-to-business] e-commerce platform Koovers gives you the ability to better face the challenge of OEMs [original equipment manufacturers] entering the spare parts business?

The solutions that Koovers offers is for workshops, and we are trying to make sure that workshops have adequate access to the parts at the right time and the right price. It also offers training content and catalogue content. Koovers is managed independently, which is what that industry needs.

The aftermarket segment in India currently has some inefficient supply chain methods involving four or five steps. There is severe dilution of the information and the quality of the parts. The price and transparency go away because of this. However, the supply chain will get compressed as is the case in the European countries. We expect this to happen, and we are enhancing our readiness for it. Our acquisition of Koovers reduces that four steps in the supply chain to two steps, which will allow us to remain competitive against OEMs, who have a two-step distribution. Competition will force the structures to compress and [we are] ahead of the game by having our own distribution. Moreover, the data and insights that Koovers creates are beneficial too.

(As told to [Nishant Parekh](#), Senior Research Analyst, Automotive Supply Chain, Technology and Aftermarket nishant.parekh@spglobal.com and [Viroop Narla](#), Senior Research Analyst, Automotive Supply Chain, Technology and Aftermarket, viroop.narla@spglobal.com)

CONTACTS

The Americas

+1 877 863 1306

Europe, Middle East & Africa

+44 20 7176 1234

Asia-Pacific

+852 2533 3565

www.spglobal.com/mobility

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