



CLIENT STORY | MARKET ASSESSMENT OF THE TOWER CRANE MARKET IN INDIA

Region :
INDIA

Consulting Services :
MARKET ASSESSMENT, ENTRY STRATEGY, TECHNO-ECONOMIC
FEASIBILITY REPORT

CLIENT SITUATION

- The client is a leading Indian auto component producer focused on wide range of sheet metal and other components for the two wheeler and the 4 wheeler segment
- As part of its diversification initiatives, the client wanted to explore the opportunity to manufacture and market products related to the construction equipment sector. Being a highly technology driven product, the client was in contact with a leading Italian manufacturer for being the potential technology partner for this product category
- As part of developing the entry strategy into the sector, Avalon was involved in a pan India market assessment for the product. Inputs from this study were used to form a detailed business and financial (TEFR) model to enable the client to make a decision regarding entering this business

OUR APPROACH

- The study was executed in two modules – Market Assessment and TEFR Study
- As part of the Market Assessment module, Avalon gained an understanding of the product and the market through interviews with the prospective Italian Partner and extensive desk based research
- The team conducted a series of interviews with market specialists, customers and distributors to develop future demand estimates, growth drivers and the expected trends in demand
- Avalon also shared insights on buying behaviour and adoption factors of key end user segments, key entities in the value chain and the different business models being used by existing players
- As an outcome of the study, the client decided to go ahead and evaluate the entry into this market through a joint venture along with the Italian partner
- As part of the TEFR Study, detailed discussions and data exchange was done with both the client and the Italian partner to avail inputs on the product portfolio, cost and pricing, existing infrastructure etc. to identify synergies in rolling out the business
- Inputs from the first module were used to configure and structure the business in terms of product and category mix, defining the roll out w.r.t. localizing the Italian product, identifying key manufacturing locations and developing the pricing strategy
- A detailed business plan was prepared by estimating target market shares, investment estimates, operating expenses, required capacity expansions etc
- Insights from the TEFR study were used as a basis to negotiate and structure the entire deal with the Italian partner

OUR RECOMMENDATION/ IMPACT

- The client decided to enter the market by crystallizing the JV with the Italian partner
- The outcome from the TEFR study enabled the client to structure the business including the technology fees with the partner in a way ensuring attractive returns for both the stakeholders
- The roll out for the business is well underway and the JV is expected to commence production and sales by the end of this calendar year