



White Paper on Business Process Outsourcing in Automotive Industry

Introduction

As automotive industry is stepping into a market landscape which is favorable to it, there is untapped market potential which is critically scrutinizing each and every product offering before making a decision.

The industry is facing challenges of meeting Environmental & Emission norms while dealing with rising Capital Costs, increased competition due to globalization and liberalization, stringent economic factors and customer relationship management. People at the top of the pyramid will have to take strategic decision to deal with this situation and reallocate their resources appropriately in order to sustain in this highly competitive industry.

Summary

Indian Automotive industry is coming out of a tough fiscal year. Trends at the beginning of this fiscal seem to be promising for the automotive industry, but challenges that the industry has been facing are still lingering around. Industry players need to be focused on their strategies and should not get carried away by promising scenarios. They need to be wary of these challenges. Meeting Environmental & Emission norms, increased competition in the market, stringent economic factors and customer relationship management are the major challenges that this industry faces. This is the perfect time for the market players in this industry to strategically align themselves with the changing environment and focus on their core competency of delivering better product proposition, strengthening their brand value and volunteering in environmental protection causes; outsourcing non core business processes gives them the advantage of reduced overhead, improved customer satisfaction and lower operating costs while strengthening their after sales service proposition as well.

Challenges in Automotive Industry

The industry is facing challenges to effectively handle their customer relationship management and brand reputation in the conditions, which as of now, are favorable for the industry but hand on hand they need to meet rising customer expectation and their changing preferences. To confront these impediments outsourcing is the strategic, cost effective choice and solution for the automotive industry.

- **Customer Relationship Management**

Customer Relationship Management (CRM) is the buzz word in this industry. Sole reason being the after sales market plays a prominent role in this industry. Customer decisions are highly driven by how's the grip of the player in the after sales market. Efficient and prompt service delivery on vehicle breakdown and combating the problem of counterfeit spare parts are the major pillars which impacts overall customer relationship status. Not only the CRM impacts the product purchasing decision of the customer but also plays instrumental role in repeat purchase decisions and marketing initiatives of the organization by turning data into customer insights.



- **Unfavorable Economic Factors**

Economic health of the country and automotive industry are very much correlated with each other. If economic drivers of the country are not flourishing, it will impact the whereabouts of the automotive industry as well. Current economic scenario where interest rate for loans is skyrocketing, currency fluctuation is acting as a catalyst in only worsening the state of the automotive industry. Industry players become helpless if these two things are not in their favor because they are not in the driving seat which decides the future course of action for the health of the economy.

- **Environmental Issues & Emission Norms**

Development and growth which comes at the cost of damaging the environment is unwanted by the people. In today's fast paced world it has become one of the most sensitive issues. Manufacturing of automobiles and its spare parts is an ambit where in all the stages of the



product development, environmental issues are needed to be adhered to, not only that, when a vehicle is on road it has to be in compliance with emission standards of the country. Every country has instituted its set of emission standard protocols. Some of the countries follow European emission regulations. To combat such stringent norms and regulations market players in the industry are volunteering in the environmental causes which are impacting their overall value proposition.

- **Highly Competitive Market**

Liberalization of the market and simultaneous rise of globalization has allowed the entry of foreign players in the market. Market has never been as competitive as it is now in the automotive industry. This in one way is beneficial for the customers as it gives them the bargaining power and varied choices to select from. But competitors have to be on their toes to gain the attention of the customers. If competitors don't they will ultimately see customers switching from their brand to another. Due to this market has become highly competitive and it will only be survival of the fittest.

Points to ponder in the Current Situation

- Strengthening Customer Relationship Management in the organizations by strategically categorizing core and non-core activities and processes.
- Reengineering & benchmarking the core activities to bring them at par with global industry practices.
- Persistent brand rejuvenation activity to distinguish and achieve the desired positioning in the mind of the consumer to achieve top of the mind recall.
- Cost benefits analysis of keeping the non core activities in-house vs. outsourcing them to a third party vendor.
- Sourcing and evaluation of third party vendors for outsourcing non core activities.



Quick Glance at Non Core Activities & Service Offerings of a BPO

Some of the processes which might be intriguing to an Automotive Industry Players are as follows:

- Roadside Assistance Program
- Order to Pay/Payable Helpdesk
- Vendor and Dealer Helpdesk
- Customer Satisfaction & Follow Up Surveys
- HR Payroll Processing

Competitive Benefits Derived From Outsourcing Non Core Activities

Key advantages of outsourcing non core activities to a third party vendor are as follows:

- **Strengthen After Sales Service Proposition**

Outsourcing non-core activities like Roadside Assistance Call Handling and Customer Satisfaction Surveys which predominantly impacts the brands After Sales Service Proposition not only will reduce operational cost but also consolidates brand's service proposition which is one of major factor that decides product purchase decisions.

- **Better Funds for Research & Innovation**

Outsourcing tasks which are regular in nature brings the operational cost down and lowers overheads. At a

lower cost industry players are engaging with a partner who is having improved arsenal in handling those tasks. This also allows additional flow of funds in the organization which can be utilized for research & innovation to improve product offerings.

- **Focus on Core Competencies**

Outsourcing non core activities to a third party vendor allows an organization to devote more time to focus on core competencies- Brand Management etc.

- **Better Resource Allocation**

Outsourcing non-core activities gives the organization an opportunity to reframe their Resource Allocation. Due to outsourcing many resources can get free and can be utilized in more fruitful way.



Conclusion

Automotive industry is in transformation phase leaving behind dawn where it faced tougher situations and outcomes and meticulously rising up to exploit the untapped market potential where strategic decision makers of the organization should look to outsource CRM related non critical tasks in order to focus on their core value proposition and reduce operational cost at the same time. Decision to outsource non-core activities will diffuse more funds in the organization due to reduced operational cost. These funds can be spent on R&D and Innovation department to improve the product value proposition and thus ultimately to distinguish one's brand from the rest of the market players.

About Allsec

Allsec is a global company with vast expertise in providing Business Process Solutions across various industry verticals.

Founded in 1998, Allsec Technologies Limited began as an integrated contact centre for businesses intending to outsource their support processes. Gaining over 15 years of domain experience, the company has rapidly expanded with acquisitions across the globe and has extended its expertise to a wide gamut of processes that augment and support businesses.

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Our solutions are testimony to the fact that we are a highly customer-centric, flexible and transparent service provider. By taking process responsibility, improving cost efficiencies, and adding value to client businesses through continuous process improvements and quality assurances, Allsec distinguishes and enhances business experience for its clients.

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