

In top GEAR

Volvo is looking at a bigger share of the luxury vehicles market in India riding on a wider footprint and class-leading services

capability should benefit the brand," said Frump.

Volvo plans to start local assembly of the plug-in hybrid variant of its premium SUV, the XC90, from its Bengaluru plant by the year-end. The facility was set up in 2018 to compete more aggressively in the Indian luxury car market. Locally assembled Volvo models already account for 60 per cent of the company's sales in India. Volvo's global vision is to have a million electric vehicles by 2025 and India will be one of the major markets to fulfil this vision, says Frump.

Next comes the issue of reach. Volvo Cars has increased the number of showrooms from 15 to 25 in the past three years. Besides big metros, the company is also trying to cultivate tier-1 and tier-2 cities — including Calicut, Indore and Raipur — in the hope that they will contribute significantly to Volvo's growth.

The third aspect is customer service, which is an important part of the company's customer retention strategy. Recently the company launched the Volvo Personal Service (VPS) in Chennai and Hyderabad which it says would "redefine customer care in the luxury car segment". This after-service model will be rolled out across the country sooner than later, says Frump. "VPS is the next level of differentiated service that Volvo Cars is rolling out globally. The key benefit of VPS is a reduction of waiting time for customers by at least 50 per cent," adds Frump. It also enables the technicians to have direct contact with customers thereby having clearer communication-flow both ways.



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Swedish luxury car maker Volvo, which has been present in India for about a decade now, has set its sights on capturing 10 per cent of the share in the Indian luxury car market by 2020 up from the current 6 per cent. Nothing out of the ordinary, just that luxury vehicle manufacturers found the going much more challenging in India last year than many other markets. While the year 2018 looked promising initially, they ended it in the slow lane as factors such as high import costs and the depreciation of the rupee together with a severe liquidity crunch pulled down consumer demand. Total volumes stood at an estimated 40,688 units, up 3 per cent from 38,989 units in calendar year 2017.

Volvo says it will achieve its target with a clear-cut strategy that rests on rapid launch of new products, expansion of its dealership network and providing class-leading services. Volvo Car India's Managing Director Charles Frump says the company continues to be in the investment phase, with India being one of the key growth markets for its.

The luxury car market in India is dominated by German brands, with Mercedes alone commanding over 38 per cent share, followed by BMW and Audi. The Tata Group-owned JLR has a little about 11 per cent of the market, which was barely 1.5 per cent of the 2.5 million unit domestic car market in 2018.

What has made Volvo India so upbeat is its performance last year. The company recorded the highest growth rate among all luxury automakers in 2018, albeit on a much lower base. It sold a record 2,638

units, up 30 per cent YoY (2017 sales: 2,029), led by the XC60 and the XC40 sports utility vehicles. Interestingly, Volvo India crossed the number of vehicles it sold in 2017 in the first 10 months of 2018, posting sales of 2,194 units (up 40 per cent) during the same period.

Looking ahead, Volvo set up a new assembling facility — an important decision to be more cost-competitive — in October 2017. The company plans to bring all its new models to India within six to eight months of their global launch. These are all new-generation cars that boast of Scandinavian design, state-of-the-art technology and radar-based safety systems that

it hopes will resonate with the luxury customers' preferences.

Electric vehicles will be one of the growth drivers for Volvo Cars, as it aims to be the market leader in the luxury electric cars segment. To achieve this vision, the company will start assembling hybrid-electric cars in India starting this year, followed by assembling 100 per cent electric cars. It helps that the Indian government has recently reduced the customs duty on the import of components for electric vehicles from 15-30 per cent to 10-15 per cent. "Locally assembling PHEVs (plug-in hybrid electric vehicles) distinguishes us from our competitors and this

LUXURY CAR MARKET IN INDIA



*Estimated, ** BMW 10,405, Mini 700, (Source AUTOCAR INDIA)



"Locally assembling the plug-in hybrid electric vehicles distinguishes us from our competitors and this capability should benefit the brand"

CHARLES FRUMP
Managing director,
Volvo Car India

Last year, Volvo opened its first part warehouse in Mumbai to ensure that the turnaround time for spare parts is cut to the minimum.

All these efforts are backed by a series of branding and marketing activities on the ground. Its contact programmes are aimed to sensitise the target audience about issues regarding safety, environment and responsible driving, through which the company hopes to develop a positive disposition towards the Volvo brand.

The Swedish carmaker is expected to launch the new S60, which is pitched against the new BMW 3 Series, Audi A4 and Mercedes-Benz C-class, by end-2019.