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group

**addci**

Automotive Dealer Confidence **Index**


End of January-March 2015 Quarter

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# SEWELLS GROUP AUTOMOTIVE DEALER CONFIDENCE INDEX



Globally, confidence indices are viewed as reliable precursors to business performance. Such indices aim to capture and quantify the sentiment of various industry stakeholders – be it CXOs, suppliers, vendors or distribution partners who usually are in the middle of the action. People within the industry, typically use these indices to get a sense of stakeholder sentiment and optimize their actions in line with the sentiment. Market analysts, on the other hand, interpret these indices as a ‘lead indicators’ of the performance of a particular industry or sector. An accurate, representative index may demonstrate a high level of correlation with actual business performance.

The automotive industry in India has been a sunrise sector contributing a significant share to country's GDP. A healthy and growing domestic market, an active and constructive involvement from the government, growth of domestic auto manufacturers to become true global players and presence of multiple global brands in the country have made sure that this industry has come of its age. With everything else being executed at a global scale and with global vision, we believe that the time has come for Indian auto industry to have a dealer confidence index.

The important role played by auto dealers in this industry is already known. With their unique position at the market place, auto dealers are usually in touch with ground realities. And therefore such an indicator should be able position itself as useful signalling device for various stakeholders within the automotive industry eco-system.



# sewells group adci

Automotive Dealer Confidence [Index](#)

Sewells Group Automotive Dealer Confidence Index (ADCI) is a measure of dealer sentiment about their business over next six months from the time it is being captured. It will be published on a quarterly basis.

Within the automotive industry, dealers enjoy a unique position close to the 'action on the ground'. They are in constant touch with prospects, customers, factory staff, competition dealers, financiers and other market intermediaries. Consequently, each dealer gets exposed to a plethora of information that in turn shapes his / her sentiment about the future of markets and businesses. The Sewells Group Automotive Dealer Confidence Index (ADCI) is an attempt to capture and quantify this well informed sentiment of the auto dealers from across the length and breadth of the country, representing multiple brands and product categories. We aim to be able to represent this collective sentiment in the form of an index, whose movement over time will reliably predict the direction of the wholesale and the retail sales within the industry.

We believe publication of such an index will allow industry stakeholders to have meaningful conversations in time, which in turn will help them put together better strategies to perform at the market place.

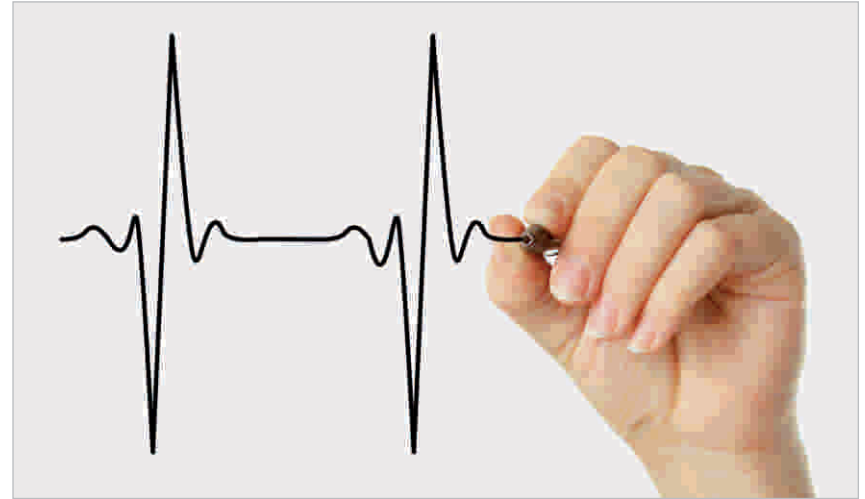
The Sewells Group ADCI is designed to be a quarterly index that will be computed on the basis of responses received to a structured questionnaire from the automotive dealer fraternity in Indian market. The questionnaire attempts to capture their sentiment about economy in general and their business in particular on a six month forward horizon.

Sewells Group proposes to track the trend of the index which will offer an insight into the future direction of the market. We believe that it is the movement of the index which will offer greater insights than the absolute value of the index in a particular quarter.

In this fifth edition of the ADCI, we attempt to capture the sentiment of the dealer fraternity at the end of Jan-Mar quarter of 2015. The findings of this survey are compared with the findings of the previous three editions to map the trend. We propose to repeat the survey at the end of each following quarter.

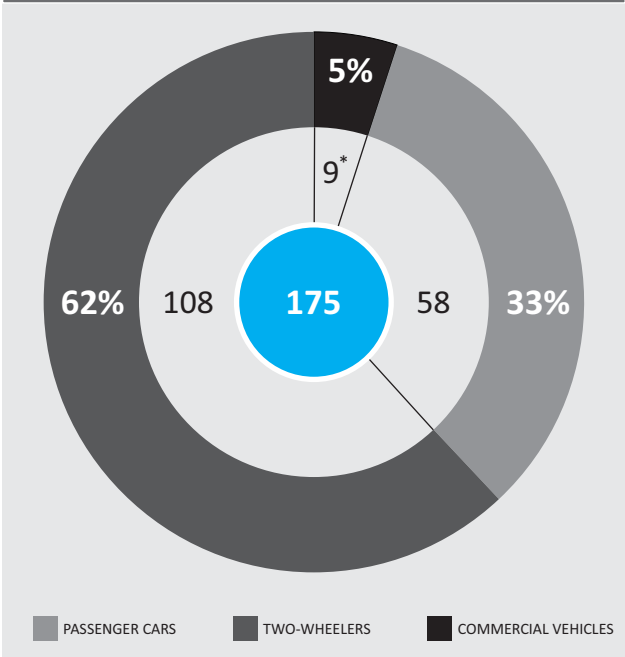
For this edition, a questionnaire was distributed electronically (by email) to the dealer fraternity in India. A total of 175 responses received, from dealers, representing 21 brands were used to compute the index. Every effort has been made to ensure that the index is statistically meaningful and representative of dealer sentiment. However, we advise reader discretion while considering the statistical significance. At this stage, ADCI is designed only for “exploratory” and “indicative” purposes.

The level of dealer confidence at the end of FY2014-15, indicated by the Sewells Group Automotive Dealer Confidence Index, paints a sobering picture of retail sales for the next six months. It is likely that the current level of confidence is severely impacted by unseasonal rains and weakening rural demand. Automotive dealers-an important part of country's business fraternity, expect that, an improved economic environment & government policies will translate into improved performance for them.

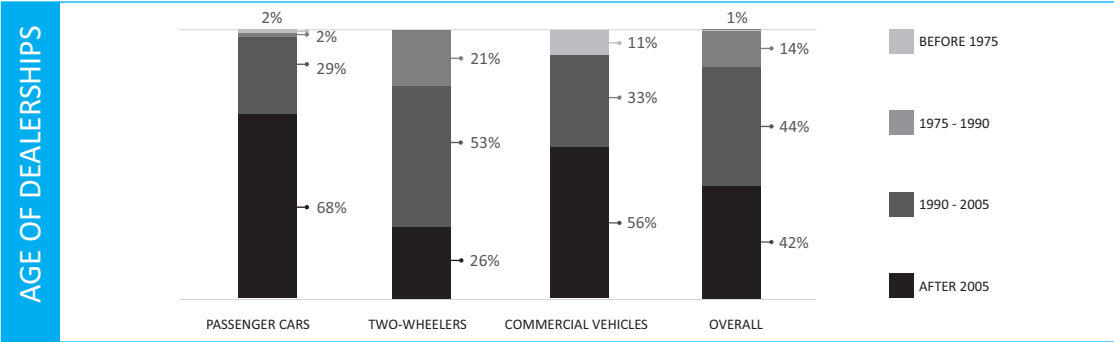
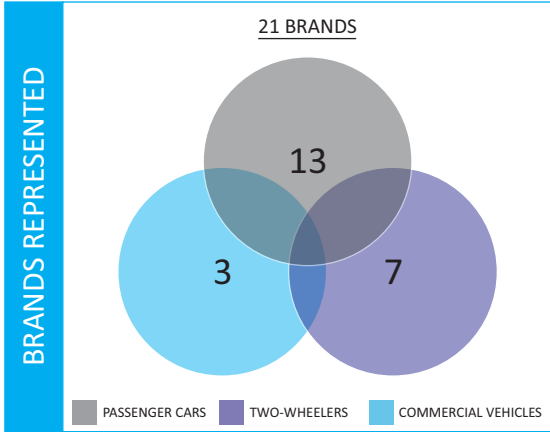
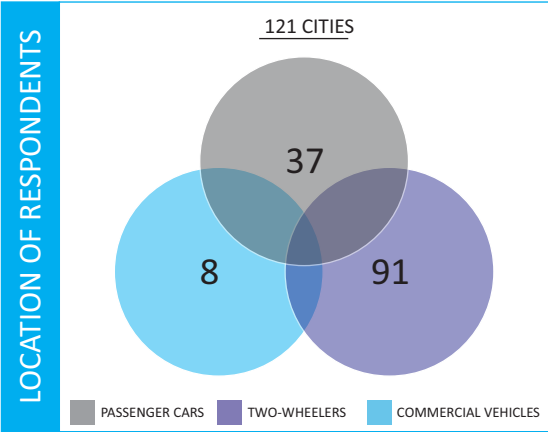




TOTAL NUMBER OF RESPONDENTS

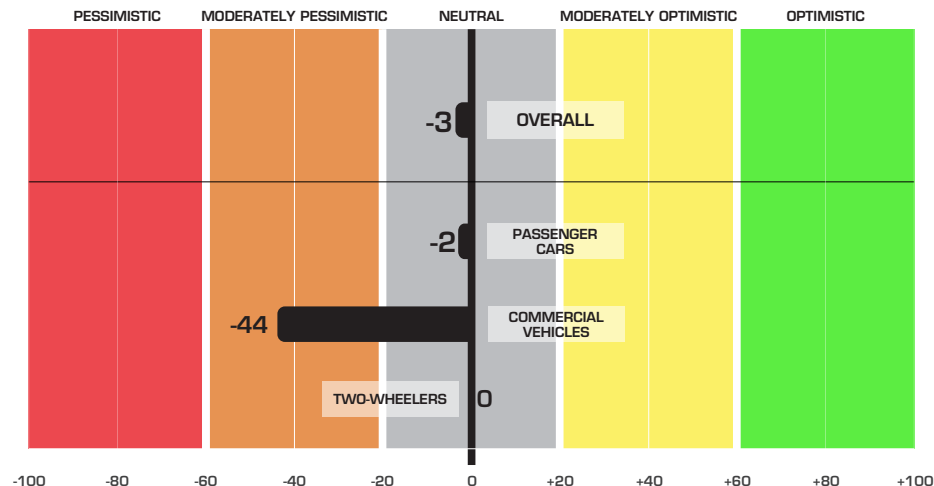


\*Sub-sample size low. Reader discretion advised while considering the statistical significance.



# SEWELLS GROUP AUTOMOTIVE DEALER CONFIDENCE INDEX

END OF JAN-MAR 15 QUARTER  
INDIA



The ADCI is designed to vary between -100 and +100, where an index score of -100 represents the most pessimistic outlook, and +100 indicates the most optimistic outlook. The index is based on how dealers see the overall market and their businesses performing in next six months

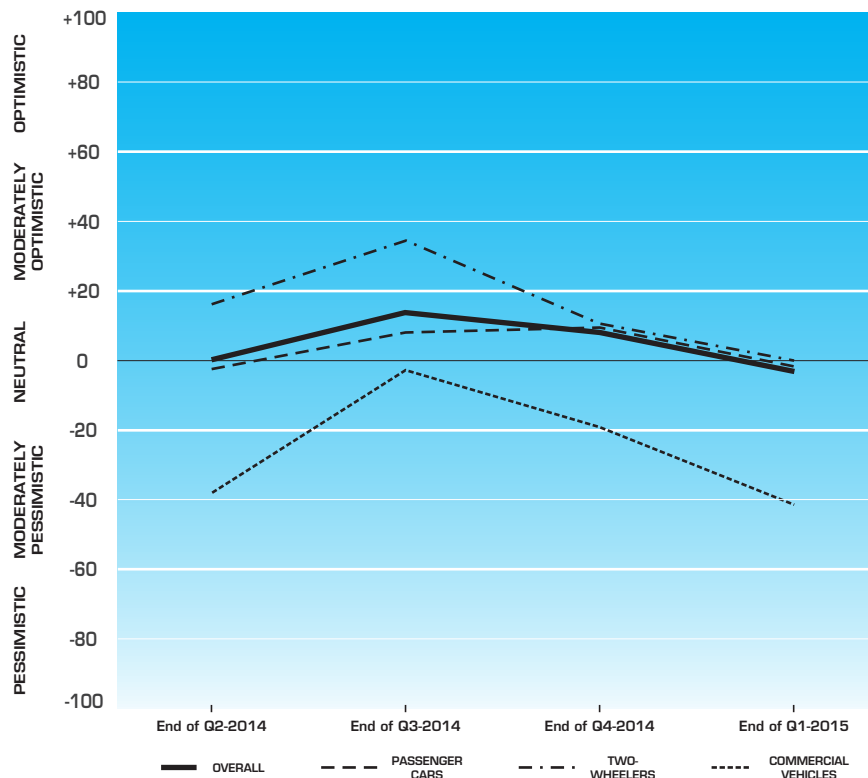
The high level findings of the survey at the end of Jan-Mar 2015 quarter are given below:

- The overall ADCI stood at -3 indicating a mildly pessimistic sentiment amongst the dealers.
- The passenger car ADCI stands at -2, representing a mildly pessimistic outlook amongst dealers.
- The two wheeler ADCI stands at -0, indicating a neutral sentiment of the commercial vehicle dealers.
- The commercial vehicle dealers reflect the most pessimistic sentiment of all the segments with an ADCI of -44, indicating a moderately pessimistic attitude of the commercial vehicle dealers.

# SEWELLS GROUP AUTOMOTIVE DEALER CONFIDENCE INDEX-TREND

END OF JAN-MAR 15 QUARTER

- The passenger car index has slipped into negative territory after staying positive at the end of the last two quarters. The index dropped to -2 from +9 at the end of the previous quarter, indicating a substantial negative shift in sentiment.
- The two-wheeler index continued to slide for the second quarter in a row, indicating the lack of optimism amongst two-wheeler dealers. The index declined from +10 at the end of Oct-Dec 2014 quarter to 0 at the end of Jan-Mar 2015 quarter.
- The commercial vehicle index stood at -44, which is an all-time low. The previous low for the commercial vehicle index was -38 at the end of Apr-Jun 2014 quarter.
- Overall, the ADCI at the end of Jan-Mar quarter of 2015 dropped to -3 from +7 at the end of Oct-Dec 2014 indicating a shift in the sentiment from positive to negative amongst surveyed automobile dealers.



Segment	End of Q2-2014	End of Q3-2014	End of Q4-2014	End of Q1-2015
Overall	0	+14	+7	-3
Passenger Cars	-3	+8	+9	-2
Two-Wheelers	+18	+35	+10	0
Commercial Vehicles	-38	-3	-19	-44



# SEWELLS GROUP AUTOMOTIVE DEALER CONFIDENCE INDEX

## ANALYSIS OF SURVEY FINDINGS

- The following pages carry details of responses received during the third edition of the survey for questions covering the above areas. Sewells Group intends to administer the ADCI survey every quarter, and intends to track the movement of question-level distribution on a quarterly basis.
- To map the trend, the findings of this survey are compared with the findings of the previous three editions which captured the sentiments of the dealer fraternity in the first three quarters of 2014.
- This section of analysis presents the distribution of responses across multiple questions that were asked in the survey and compared with the findings of the previous surveys.

The ADCI survey delves into the following areas:

Impact of the current economic scenario on the market, as well as the dealership business

Expected performance of the market as well as the dealership over the next six months

View on the current situation of sales, inventory and profits vis-à-vis same period last year

View on the current situation of sales, inventory and profits vis-à-vis previous quarter

Expected levels of sales, inventory and profits over the next six months

Future view of manpower strength of the business

# 01

Impact of the Current Economic Scenario on the Market [page 8](#)

# 02

Impact of the Current Economic Scenario on the Dealership [page 9](#)

# 03

Expected Market Performance Over Next Six Months [page 10](#)

# 04

Expected Dealership Performance Over Next Six Months [page 11](#)

# 05

Dealership Performance vis-a-vis Same Period Previous Year [page 12](#)

# 06

Dealership Performance vis-a-vis Previous Quarter [page 15](#)

# 07

Expected Dealership Performance Over Next Six Months [page 18](#)

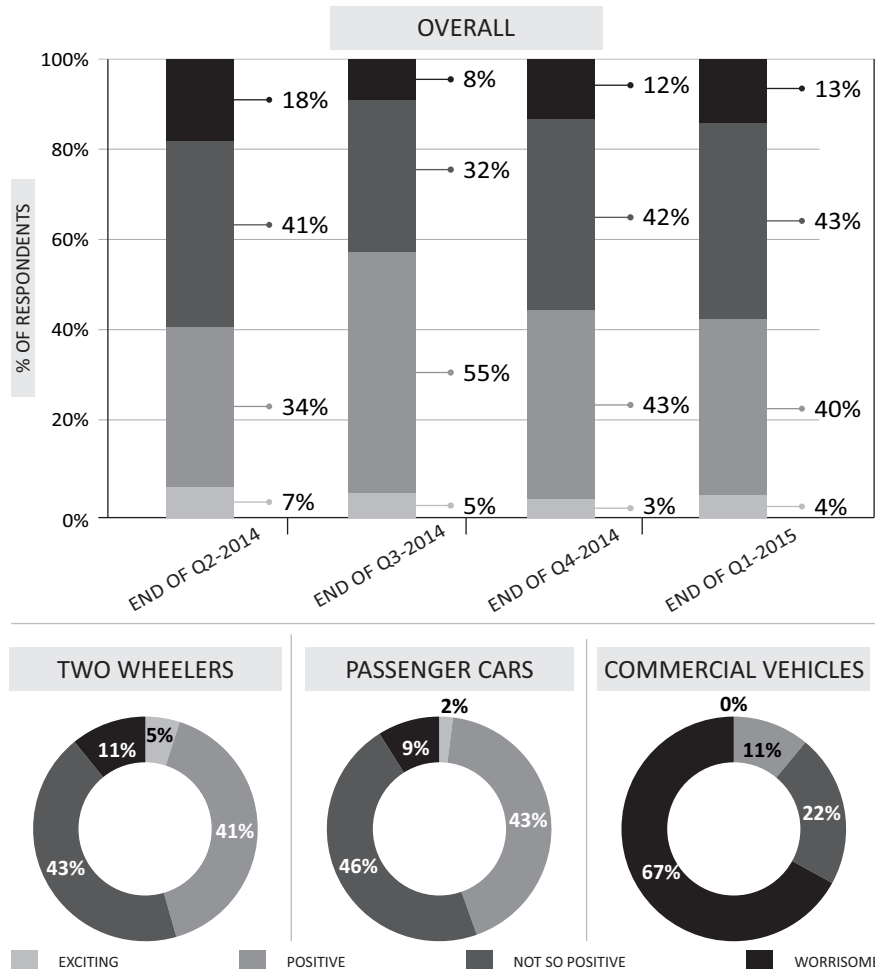
# 08

Expected Manpower Strength Over Next Six Months [page 21](#)



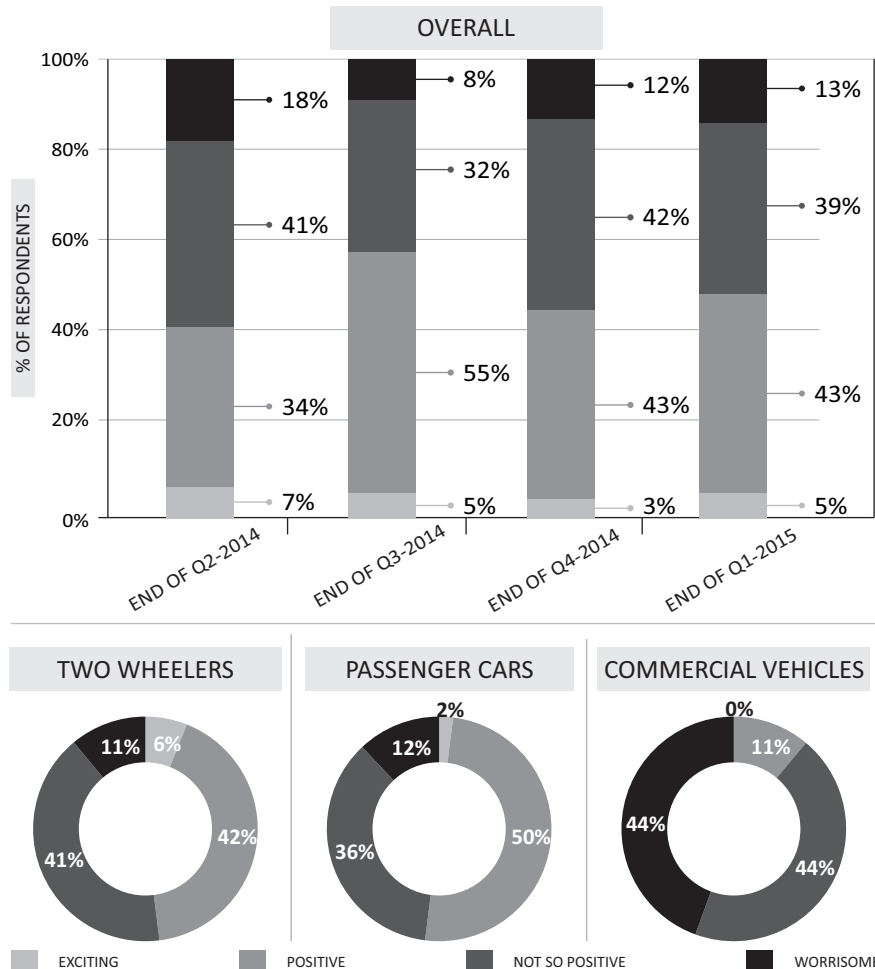
# IMPACT OF THE CURRENT ECONOMIC SCENARIO ON THE MARKET

- About 44% of the dealers feel that the current economic scenario is encouraging for the dealership business at the end of Jan-Mar2015 quarter.
- 45% of the passenger car dealers are of the opinion that the current economic scenario is having a positive impact on the market, as compared to 47% of the same opinion at the end of Oct-Dec 2015 quarter.
- Opinion of the two wheeler dealers has not changed since the previous quarter.
- Commercial vehicle dealers seem to have the worst opinion about the economic scenario on the market. 89% of the surveyed dealers feel that the economic condition is not so positive for the market.



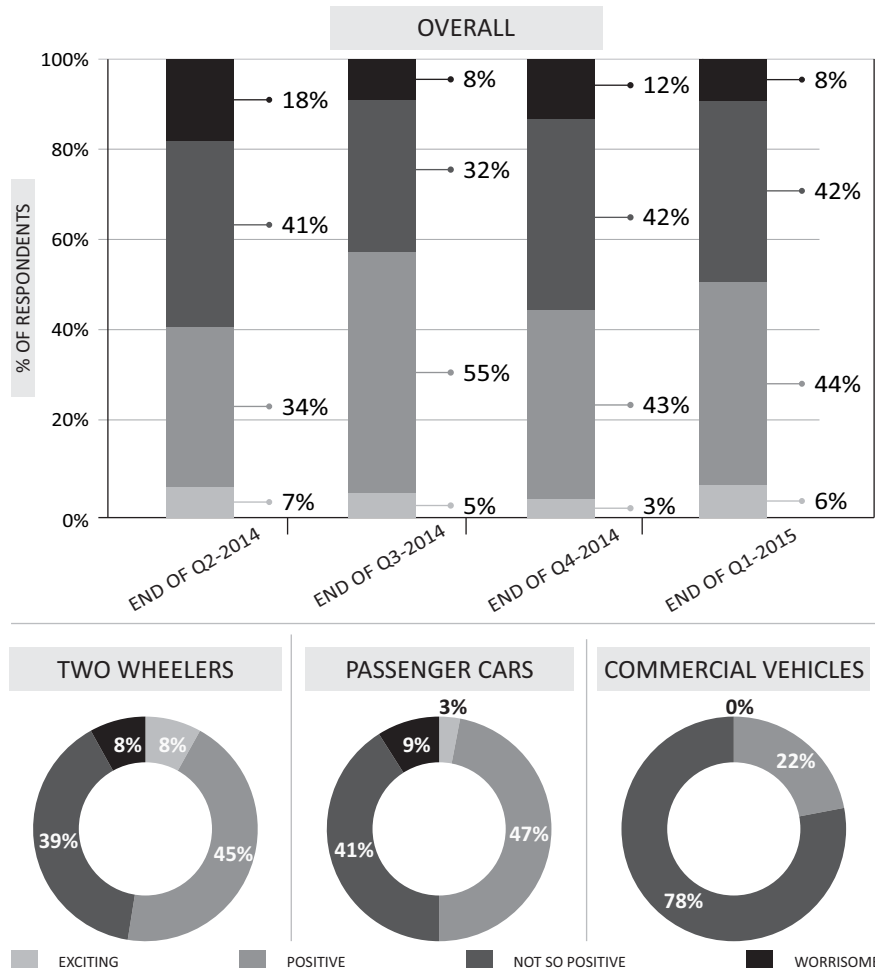
# IMPACT OF THE CURRENT ECONOMIC SCENARIO ON THE DEALERSHIP

- Overall, only 52% of surveyed dealers indicate a positive sentiment about the effect of the current economic scenario on the dealership business.
- About 52% of passenger car dealers believe that economic scenario has a positive impact on their dealership (up from 47% at the end of Oct-Dec 2015 quarter).
- As compared to 57% of the two wheeler dealers who were of the opinion that the current economic scenario has a positive impact on the dealership business, only 48% are of the same opinion at the end of Jan-Mar 2015 quarter.
- Commercial vehicle dealers have become even more pessimistic about the impact of current economic scenario on the dealership business. Only 11% of the surveyed dealers feel that the economic scenario has a positive impact on the dealership business.



# 3 EXPECTED MARKET PERFORMANCE OVER NEXT SIX MONTHS

- Overall, only fewer (44%) dealers as compared to the one in the survey at the end of Oct-Dec 2014 quarter feel that the market is going to perform well in the next six months.
- Even though 55% of passenger car dealers expect the market performance to improve in next six months, this number has decreased slightly since the last survey where 66% were of the similar opinion.
- This sentiment is similar amongst the two wheeler (down from 68% to 59%) and the commercial vehicle dealers (down from 44% to 33%).

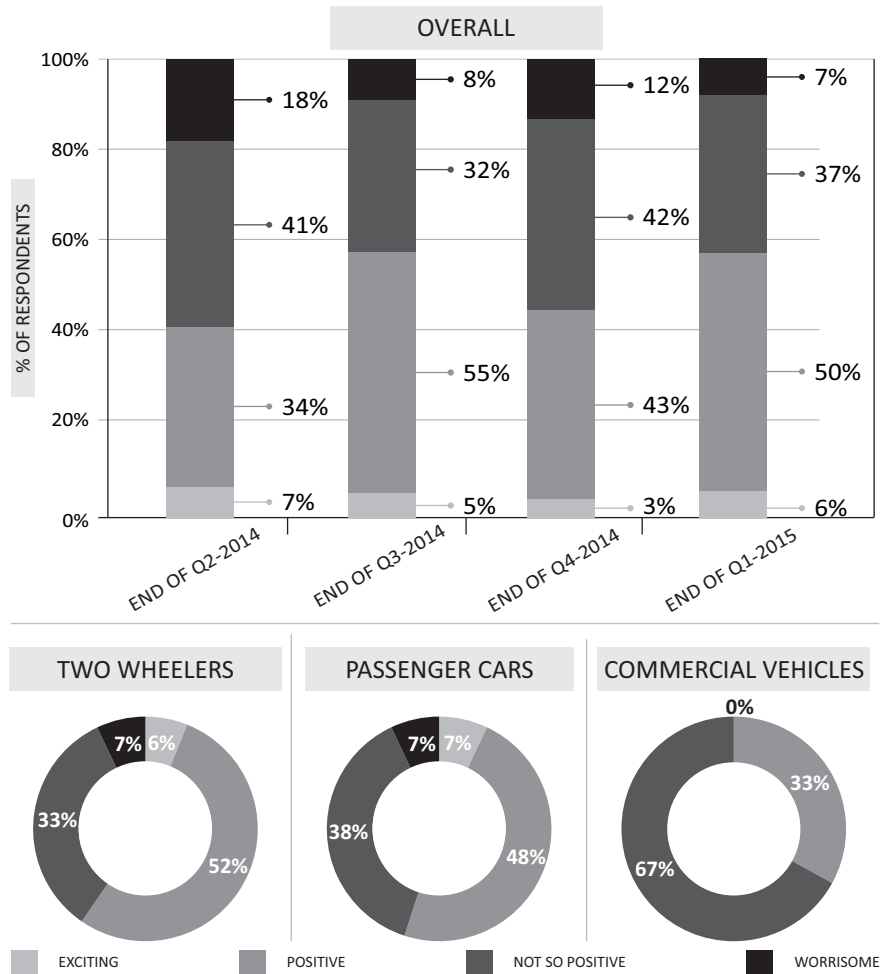




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# EXPECTED DEALERSHIP PERFORMANCE OVER NEXT SIX MONTHS

- Overall, the dealers continue to remain as optimistic as they were in the previous quarter (up from 70% to 72% in quarter ending September 2014).
- A slight dip is seen in the excitement of the passenger car dealers with respect to their performance in the next six months as compared to that in the Apr-Jun 2014 quarter (down from 75% to 70% in the quarter ending September 2014).
- Two wheeler dealers are the most positive about their performance in the next six months with 83% expecting to perform better as against, the 71% who were of the same opinion last quarter.
- Commercial vehicle dealers have shown a marked improvement in their sentiment. 60% of these dealers feel that their dealership performance is going to be better in the next six months (up from 38% in the quarter ending June 2014).

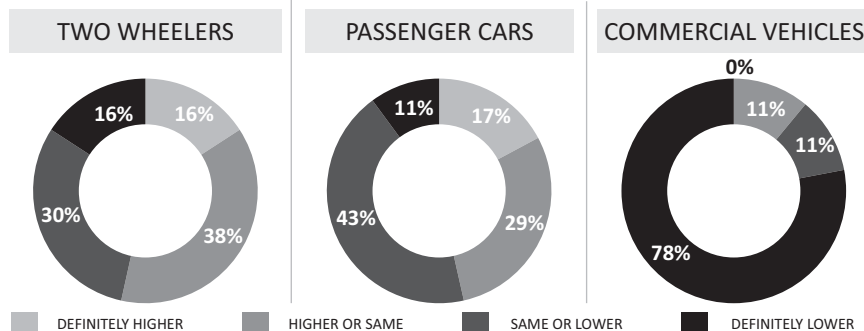
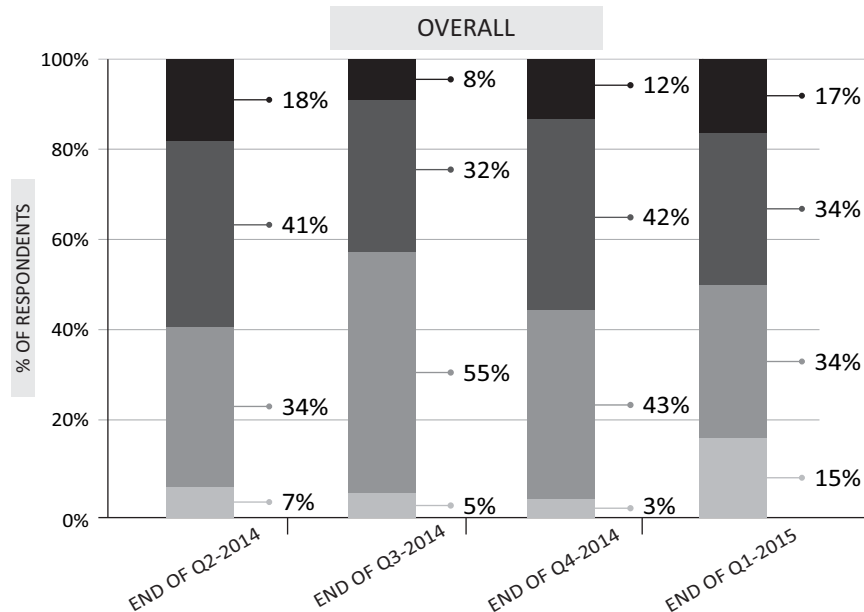


# 5

## DEALERSHIP PERFORMANCE VIS-À-VIS SAME PERIOD PREVIOUS YEAR

SALES | INVENTORY | PROFITS

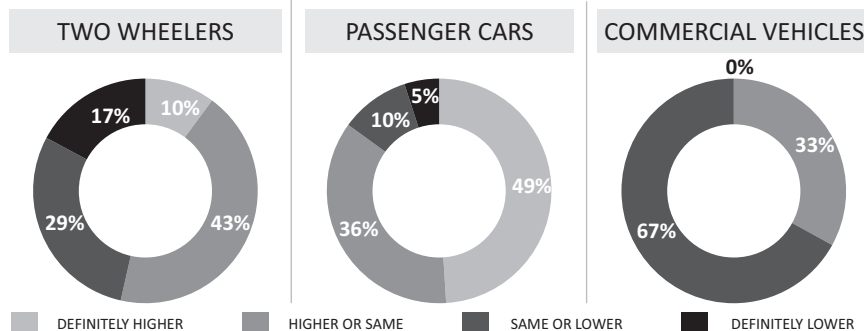
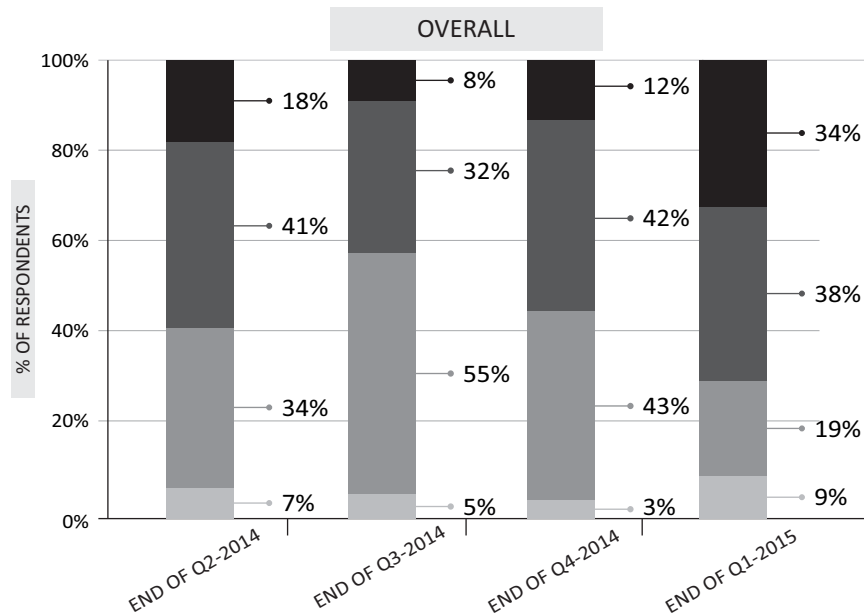
- 51% of the dealers in this quarter feel that their sales have improved as compared to the previous year; this is comparable to the 51% of the dealers in the previous survey (at the end of Oct-Dec 2014 quarter) who feel that the current economic scenario has a positive impact on their dealership.
- Opinion of the passenger car dealers about sales as compared to the previous year has not changed vis-à-vis previous survey. 47% of the passenger car dealers feel that their sales has increased as compared to same period previous year.
- Only a slight majority of two wheeler dealers feel that their sales this period is higher than the same period last year (down from 59% in end of Oct-Dec quarter to 54% at the end of Jan-Mar 2015 quarter).
- Majority of commercial vehicle dealers (89%) feel that their sales have not improved since last year. These numbers have increased as compared to the last survey, where about 79% of the surveyed dealers were of a similar opinion.



# 5 DEALERSHIP PERFORMANCE VIS-À-VIS SAME PERIOD PREVIOUS YEAR

SALES | INVENTORY | PROFITS

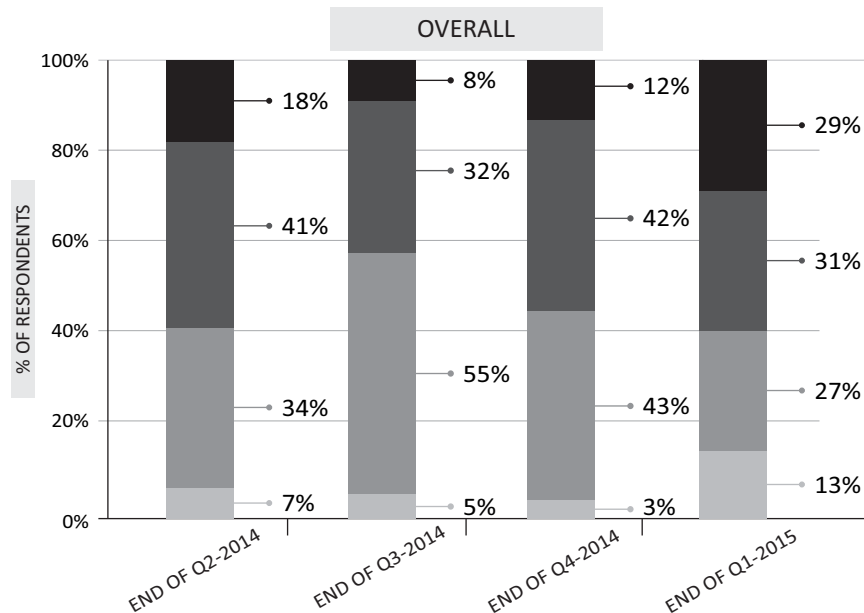
- Inventory corrections by dealers has improved since the last quarter. Overall, 72% of surveyed dealers reported higher inventory vis-à-vis same period previous year as against 44% at the end of previous quarter.
- Inventory levels viz-a-viz same period previous year according to 85% of two wheeler dealers has increased. This number has changed slightly since the opinion in previous quarter (80%).
- Inventory levels viz-a-viz same period previous year for both passenger cars and commercial vehicle dealers have reduced slightly as compared to the results of the previous survey (down from 59% to 53% and 38% to 33% respectively).



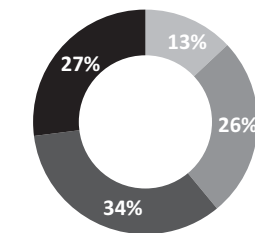
# 5 DEALERSHIP PERFORMANCE VIS-À-VIS SAME PERIOD PREVIOUS YEAR

SALES | INVENTORY | PROFITS

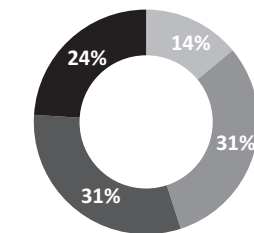
- Dealers continue to express a pessimistic sentiment about their profits vis-a-vis same period previous year. Only 39% of dealers feel that their profits have increased as compared to same period last year.
- § The above sentiments are reflected across all the three segments. The two wheeler dealers (down to 48% from 49% at the end of previous quarter) and the passenger car dealer (at 37% up from 29% at the end of previous quarter) reporting higher profits when compared with the same period last year.
- Commercial vehicle dealer sentiment is slightly better as compared to the previous quarter. 26% of commercial vehicle dealers feel that their profits are more than the same period previous quarter, as compared to only 8% who were of the same opinion in the previous survey.



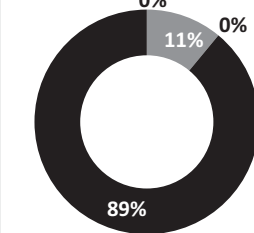
## TWO WHEELERS



## PASSENGER CARS



## COMMERCIAL VEHICLES

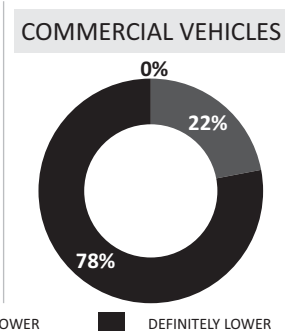
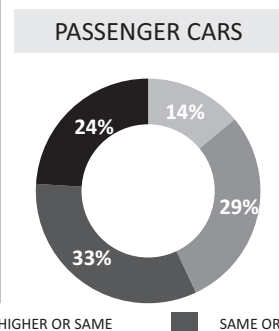
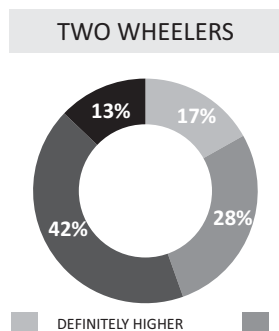
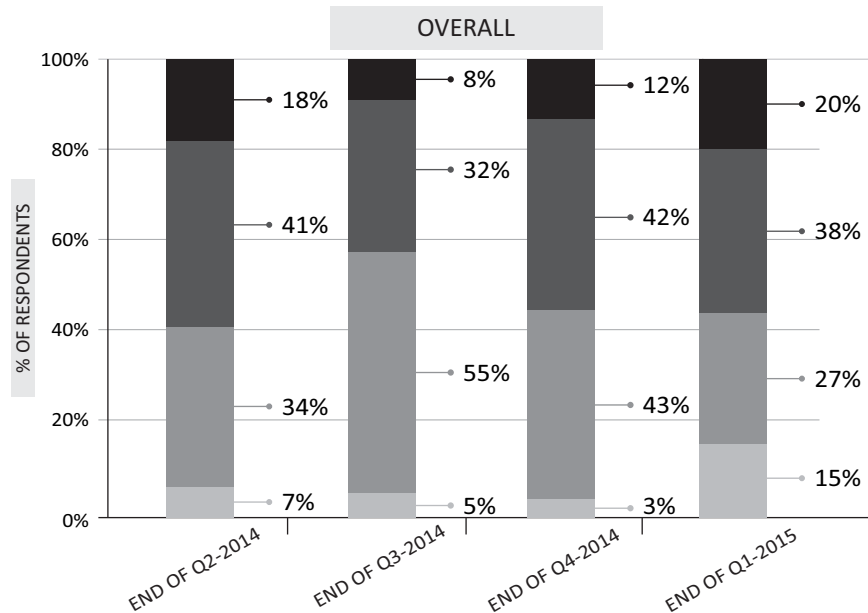


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# DEALERSHIP PERFORMANCE VIS-À-VIS PREVIOUS QUARTER

SALES | INVENTORY | PROFITS

- Majority of the dealers (58%) feel that their sales in the Jan-Mar 2015 quarter were lower than Oct-Dec 2014 quarter.
- Passenger car dealers surveyed in the previous quarter had suggested that their sales figures in Q4 of 2014 had increased as compared to Q3 of 2014. However, at the end of Jan-Mar 2015 quarter, 57% of dealers feel that their sales figure has dipped over the last three months.
- Only 44% of two wheeler dealers (down from 53%) feel that their sales in Oct-Dec 2014 quarter were higher than that of Jan-Mar 2015 quarter.
- None of the commercial vehicle dealers surveyed feel that their sales figures have increased in Jan-Mar 2015 quarter as compared to the Oct-Dec 2014 quarter.

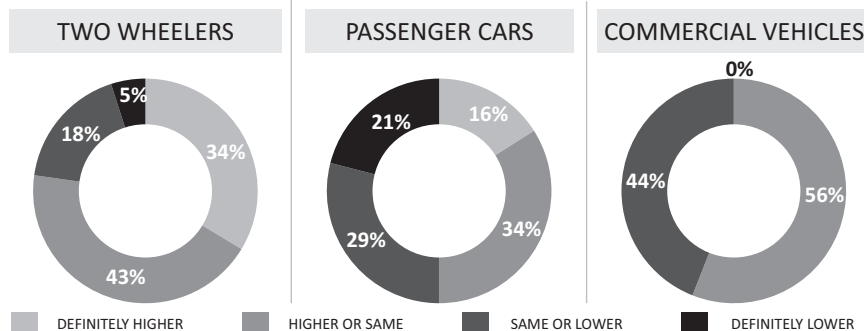
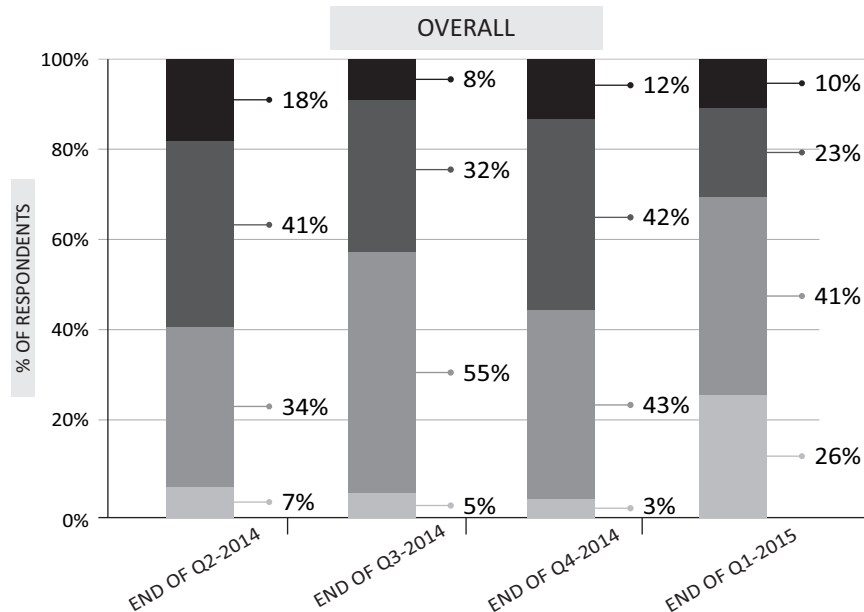




# DEALERSHIP PERFORMANCE VIS-À-VIS PREVIOUS QUARTER

SALES | INVENTORY | PROFITS

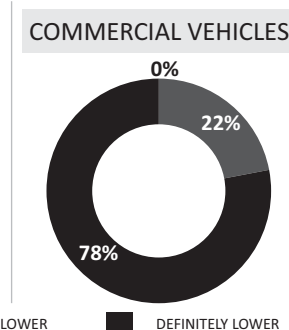
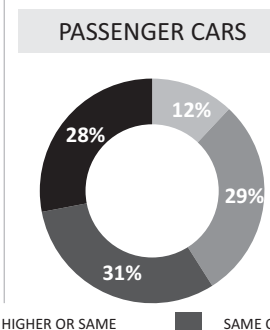
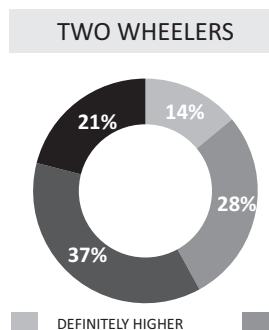
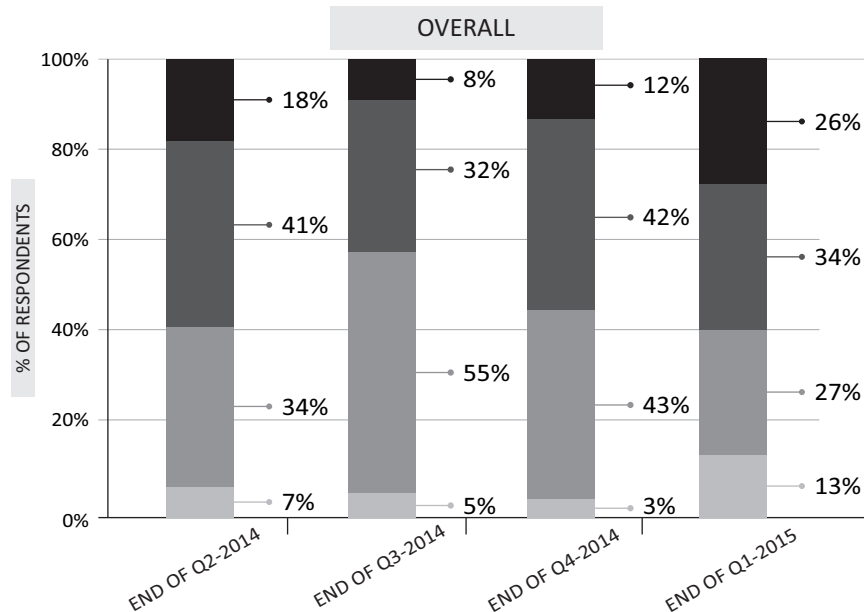
- Dealers had expressed some inventory correction in the Oct-Dec 2014 quarter. However, they seem to have struggled a bit in the Jan-Mar 2015 quarter where the inventory levels have increased (up from 33% to 67%).
- Both passenger car dealers and two wheeler dealers have reported some inventory correction in Jan-Mar 2015 quarter.
- Commercial vehicle dealers seem to struggle with maintaining inventory levels. Only 44% of these dealers show that their inventory levels have gone low as compared to 56% at the end of Oct-Dec 2014 quarter.



# DEALERSHIP PERFORMANCE VIS-À-VIS PREVIOUS QUARTER

SALES | INVENTORY | PROFITS

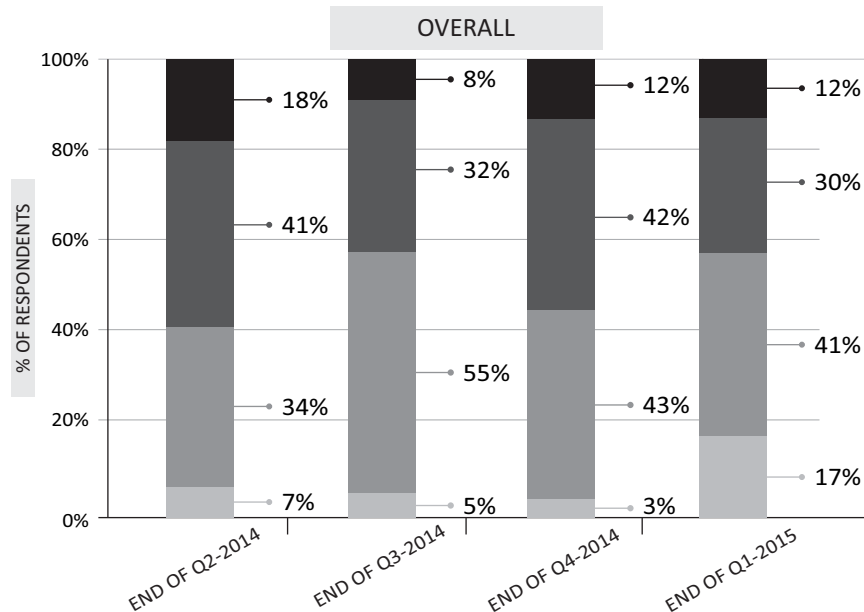
- Overall, the sentiment amongst the dealers regarding their profits is not positive. 39% of the dealers reported lower profits at the end of Jan-Mar 2015 quarter as compared to the previous quarter.
- A similar sentiment has been reported by passenger car dealers where this figure has gone down from 50% at the end of Oct-Dec 2014 quarter to 41% in this quarter.
- 77% of the surveyed two wheeler dealers however feel that their profits have gone up this quarter. This is comparable to 48% of the two wheeler dealers who were of the same opinion at the end of previous quarter.
- None of the commercial vehicle dealers feel that the profits have gone up this quarter.



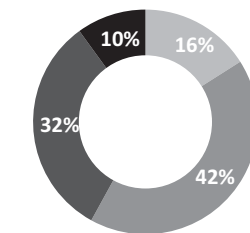
# 7 EXPECTED DEALERSHIP PERFORMANCE OVER NEXT SIX MONTHS

SALES | INVENTORY | PROFITS

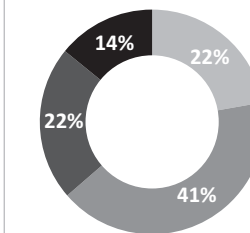
- A slight increase is seen in the sentiment about expected sales in the next six months of dealers. This figure has gone up to 58% from 46% at the end of Oct-Dec 2014 quarter.
- This is similar to the sentiment amongst the passenger car dealers; up from 60% at the end of Oct-Dec 2014 quarter to 64% at the end of Jan-Mar 2015 quarter.
- Two wheeler dealers are also optimistic about increase in sales in the next six months.
- However, only 33% of commercial vehicle dealers feel that their sales will be higher in the next six months (down from 44% at the end of Oct-Dec 2014 quarter).



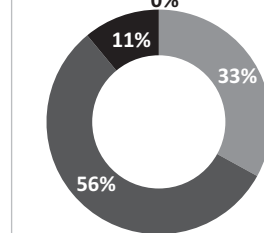
## TWO WHEELERS



## PASSENGER CARS



## COMMERCIAL VEHICLES

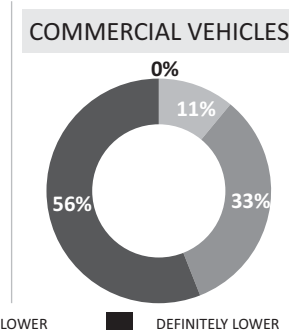
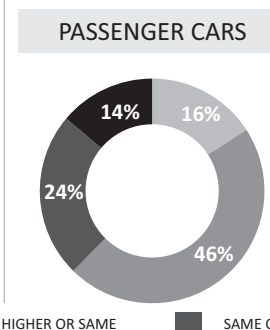
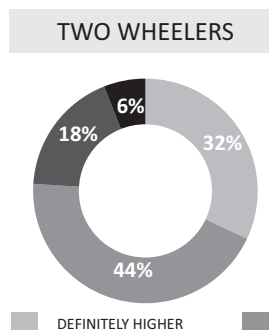
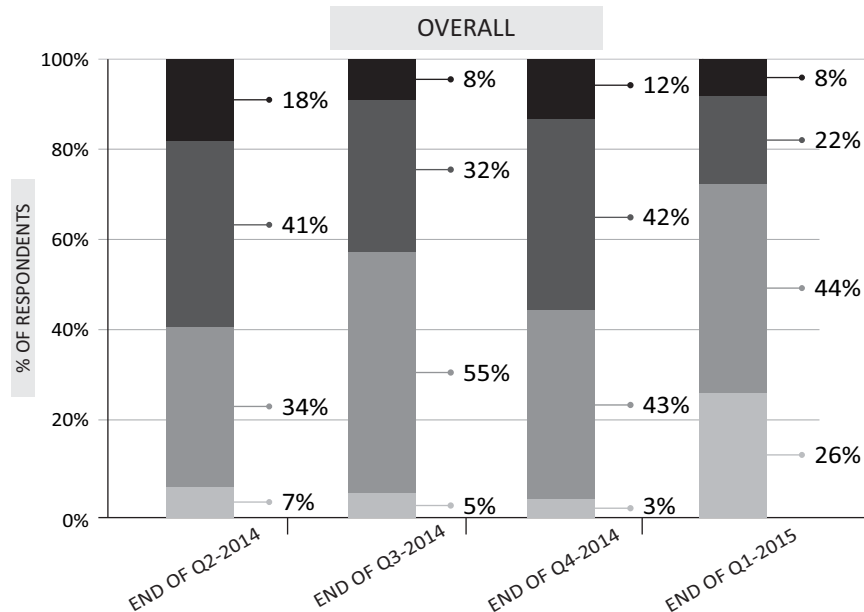


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# 7 EXPECTED DEALERSHIP PERFORMANCE OVER NEXT SIX MONTHS

SALES | INVENTORY | PROFITS

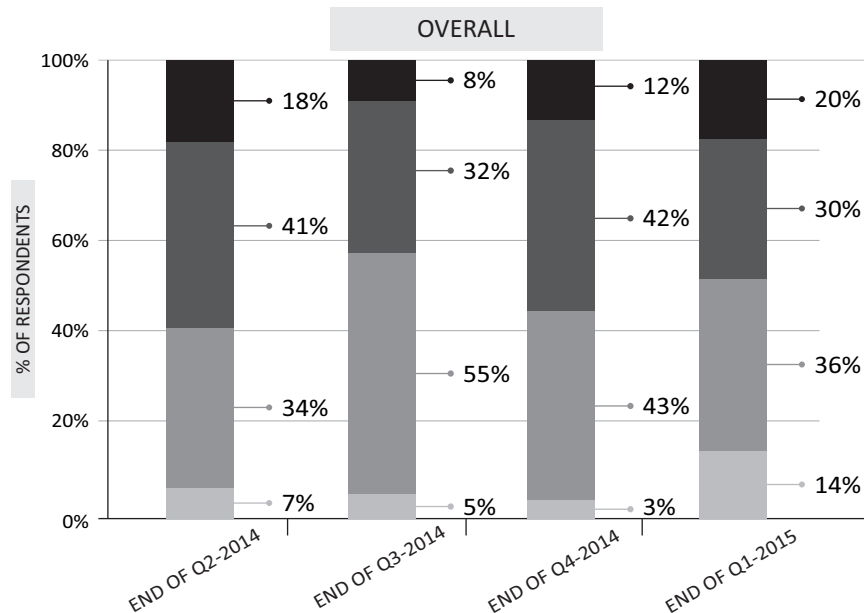
- Overall, the dealers expect the inventories to continue to be a concern, with 70% dealers expecting their inventory levels to be higher in the next six months, compared to 28% dealers feeling the same in the previous quarter.
- As in the previous survey, the above trend is reflected in the results across all the segments in this survey.
- Passenger car dealers expect some correction in inventory management in the next six months. 62% of dealers at the end of Jan-Mar 2015 quarter feel that the inventory levels will be higher as compared to 69% at the end of Oct-Dec 2014 quarter.
- Two wheeler dealers anticipate a slight correction in inventory; 77% expecting to carry higher inventories in the next six months as compared to 81% in the previous survey.
- Commercial dealer sentiments about increased inventory in the next six months has changed slightly (moved to 44% from 56% at the end of Oct-Dec 2014 quarter).



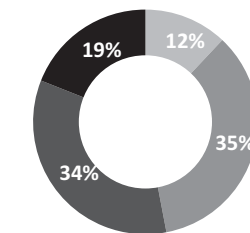
# 7 EXPECTED DEALERSHIP PERFORMANCE OVER NEXT SIX MONTHS

SALES | INVENTORY | PROFITS

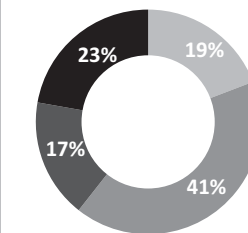
- Overall, there is a mixed sentiment amongst the dealers with respect to the anticipated profits. Half of the surveyed dealers expect their profits to be higher in the next six months.
- 60% of passenger car dealers expect higher profits in the next six months as compared to 56% dealers who were of the similar sentiment at the end of Oct-Dec 2014 quarter.
- There is a mild pessimism amongst the two wheeler dealers about the anticipated profits (down from 55% at the end of Oct-Dec 2014 quarter to 47% the end of Jan-Mar 2015 quarter).
- Sentiment of the commercial vehicle dealers falls further down with just 22% dealers expecting higher profits in the next six months (down from 38% at the end of Oct-Dec 2014 quarter).



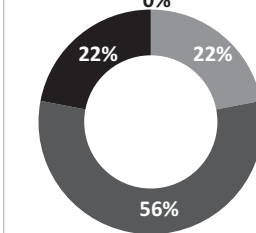
**TWO WHEELERS**



**PASSENGER CARS**



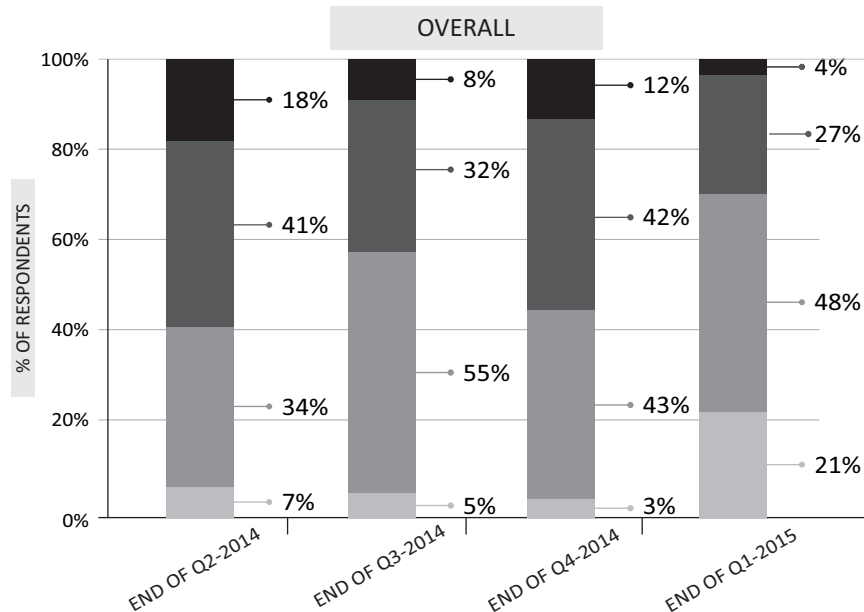
**COMMERCIAL VEHICLES**



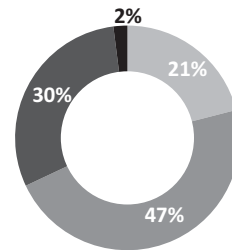
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# 8 EXPECTED MANPOWER STRENGTH OVER NEXT SIX MONTHS

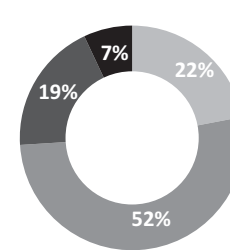
- There has been a marked improvement in the anticipated manpower strength (up from 19% at the end of Oct-Dec 2014 quarter to 69% at the end of Jan-Mar 2015 quarter).
- There is a slight dip in the anticipated manpower strength of the passenger car dealers and the two wheeler dealers; 74% of passenger car dealers (down from 82%) and 69% of two wheeler dealers (down from 89%) expect increase in manpower strength in the next six months.
- Commercial vehicle dealers continue to carry a pessimistic sentiment about the expected manpower strength (down from 44% to 33%).



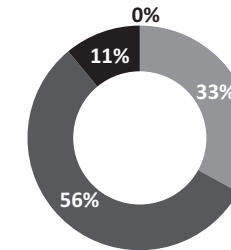
## TWO WHEELERS



## PASSENGER CARS



## COMMERCIAL VEHICLES



DEFINITELY HIGHER
  HIGHER OR SAME
  SAME OR LOWER
  DEFINITELY LOWER



# ABOUT SEWELLS GROUP

Sewells Group is a global consulting and outsourcing firm which specializes in the automotive retail industry. Our very reason for being in the business is to improve the performance of individuals and organizations in the automotive retail industry. We operate across the Asia-Pacific, Africa and Middle East regions.

Our in-depth subject matter expertise in this area and our deep engagements with many leading automotive brands make us a leader in our business. Our Integrated Dealer Performance Management Model has delivered exceptional success to leading OEMs across the world. Through our proven business management model, demonstrated competence solutions and process efficacy initiatives, we contribute meaningfully to our clients' businesses.

For more information, visit [www.sewellsgroup.com](http://www.sewellsgroup.com)

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