

# Automotive Market Analysis and Business Strategy



Vehicle components business assesses growth options in emerging market segments

## Background and Objectives

The president of the North American division of a leading auto & truck component manufacturer sought to accelerate growth in a new product line within the core portfolio. While the product had seen modest growth in recent years, the team believed there was a greater untapped opportunity in the market. The team had grown principally through relationships with aftermarket vendors and believed growth in the OE segment would be required to make the business successful.

The client asked BCE Consulting to help evaluate the North American market for its automotive product line, evaluate potential growth pathways, and recommend strategies to create a market leadership position for the business.

## Approach

BCE deployed its inhouse market insights capability to evaluate the external market opportunity for the client team, including analysis of addressable market size, customer needs and purchasing process, competitive landscape, and client positioning. This included discreet analyses for aftermarket vs. OE market segments. BCE used direct interviews with ~170 KOLs and market stakeholders to drive data collection over the course of an 8-week engagement.

We collided findings from external research with an internal gap analysis to evaluate client strengths and weaknesses in the marketplace. BCE identified several internal and external challenges for the client's business, including portfolio gaps in key growth segments, limited production capacity, and channel misalignment. This analysis defined the focus of the company's strategy, with BCE researching potential paths to fill these gaps – including acquisition. We analyzed multiple acquisition scenarios and ultimately recommended two investments.

## Recommendations

BCE's analysis indicated inorganic investment would be required to meet the client's 5-year objectives in the space. We identified acquisition targets with complementary product portfolios, strategic OE relationships, and a strong brand to strengthen the client's reputation in the space. We compared acquisition targets and settled on two principal candidates for further diligence.

Beyond inorganic investment recommendations, BCE developed an organic investment strategy to drive growth in the OE segment and scale production capacity. This included a build out of existing footprints in strategic geographies to meet growing demand, and product development initiatives to access key OE growth segments.

