

European Market Assessment & Growth Strategy Case Study



Global auto and truck parts manufacturer assess how to defend and grow market share for key construction and agricultural products

Background and Objectives

A multinational auto and truck parts manufacturer has been losing European market share in construction and is struggling to launch its newest agriculture product line. These challenges were driven by global supply constraints, product commoditization, and pressure from global competitors. The client asked BCE to provide an independent, market-driven assessment of the European construction and agriculture rubber tracks market, and to assist in strategy development and refinement.

Approach

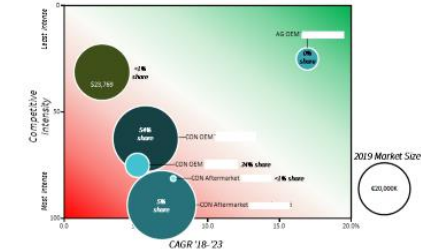
BCE began its analysis by segmenting the market into OEM and aftermarket, machine type, product size, and country of sale. Our team then built a five-year market forecast tool with growth estimates across 5 key countries. BCE interviewed over 100 OEMs, dealers, distributors, competitors, and end-users to test and refine the market assumptions regarding new vehicle production, replacement rates, % addressable vehicle population, ASP per product, etc.

BCE built upon its market forecast by examining competitor product portfolios, client perception, market share, and pricing strategies to inform strategy development. These market insights provided the client with a more comprehensive view of its position in the market and which market segments were most attractive based on size, growth, and competitive intensity.

Recommendations

The client's OEM production demand in the construction market and high pricing limited its ability to sell into the construction aftermarket. Additionally, the client was committing significant resources to launch agriculture products despite the low demand across Europe. Ultimately, the client faced significant internal capacity challenges and a shrinking distributor network. BCE's recommendations prioritized building internal capacity and developing new online distribution channels to better serve distributors and end-customers in both markets.

The Market 2 markets have lower competitive barriers to entry but make up a smaller addressable market than the more competitive Market 1 market



- The competitive intensity of the Market 1 aftermarket will make it difficult for The Client to win share
- The Client must increase capacity to maintain market leading share in the growing Market 1 OEM market
- The Market 2 markets have attractive competitive dynamics despite small size
- Product 1 demand is growing for XXXX ton equipment, but aftermarket conversion from product 3s to product 1s remains low (~10%)

The Client must address its production capacity shortfall to preserve Market 1 OEM share and position for growth in all markets

Requirements for Success in Product 2s Market: Market 1 & Market 2		
Need Area	Alignment with Existing Capabilities	
OEM	OEM Production Capacity	Partial alignment
	High-Value OEM Relationships	Strong alignment
	Strength of Brand	Strong alignment
	Relevant Product 2 Sizes	Partial alignment
Aftermarket (via OEM dealer)	Aftermarket Production Capacity	Partial alignment
	Strong distributor partnerships	Partial alignment
	Ease OEM Contract Restrictions	Capability Gap
Aftermarket (other channels)	Competitive Pricing	Capability Gap
	Economy Brand/Products	Capability Gap
	Rental Company Customer Base	Capability Gap
	E-Commerce Channel Footprint	Capability Gap

- Capacity is The Client's biggest need in the OEM segment
- Production capacity has impacted aftermarket product availability
- Gaps in The Client's distributor network, particularly Country 4, have given competitors the opportunity to capture market share
- The Client lacks a compelling offering for the aftermarket, which will continue to favor low cost brands and is shifting to e-commerce channels

Key ● Strong alignment ◐ Partial alignment ○ Capability Gap