

VOLVO CE NEWS



Is Asia on target?

2011-06-23 13:07 Volvo CE is now over halfway through its strategic objectives 2010-2012. We talk to one Indian dealer and one Thai dealer at Volvo's joint dealer conference to find out how they're doing with some of these goals.

There are 27 strategic objectives in Volvo CE's Fit for the Future strategy, and six of these are the most critical for Region Asia to realize: 30% of revenues from soft products, #1 in COSS, 98% machine availability, inventory at two months, number 1, 2 or 3 in prioritized segments and number 1, 2 or 3 in the BRIC markets.

To reach even one of these goals would be an achievement, but to fulfil all six is a tough challenge.

Indian ambition

Mohan Ramanathan is the Managing Director of Advanced Construction Technologies (ACT), one of Volvo's 12 dealers in India. ACT began as a family business and has been working in the construction industry for the last 60 years. The company used to deal in light machinery until it was approached by Volvo to begin selling its brand into the Indian market.

At Volvo's joint dealer conference, Mohan said Volvo's strategies are working, but the biggest challenge for his dealership is to reach position 1,2 or 3 in the Indian market.

"The Volvo brand first came into India with Volvo Buses," explains Mohan. "Volvo's construction equipment brand is relatively new to the Indian market and that makes it harder for us to secure a top position. However, we are building good relations with our customers and spreading Volvo's reputation for quality, safety and environmental care throughout the market.

"India's most sought-after product is the backhoe loader, which equates to about 40% of the market," continues Mohan. "But unfortunately we don't have a Volvo equivalent currently available to our market and if we did, then I am sure this would really help us to gain a higher market position."

When it comes to customer satisfaction, Mohan says they are in a very good position. "We have some great references from our customers in Southern India – where we mainly do business. They are very satisfied and are becoming loyal to the brand."

The target to reach 98% machine availability is a little bit trickier says Mohan. "All our dealerships have to ramp-up to meet this target and have been reporting back every quarter. In 2011 so far, India has experienced an 8% growth rate, but we have found it difficult to supply machines fast enough to satisfy this demand. Volvo's investments in India and in the new excavator factory in Bangalore should really help us to progress in this market. Although we have found the target of 98%



Mr. Sarun from Italthai Industrial Co., Ltd

Volvo's strategic objectives have been difficult but they have been clearly set out to all our dealerships.

machine availability very high, Volvo is helping us every step of the way.”

Thai tenacity

Sarun Veangsong is the Vice President of Italthai Industrial Co., Ltd, Volvo CE's dealer in Thailand. Thailand's main segments are road construction and mining.

When it comes to reaching Volvo's strategic objective to become number 1, 2 or 3 in the market, Volvo is currently performing well in Thailand; but there is fierce competition. "The main machinery sold on the market is excavators and whereas the competition has been in the business for 40/50 years, Volvo has only been selling its excavators here for 10 years," says Sarun. "The growth of heavy equipment is going up about 15% each year and although our product quality is very good, we need more heavy equipment and we need bigger machines."

Italthai Industrial has been trying to reach Volvo's strategy of gaining a top three position in one of Volvo's prioritized segments and is focusing on the road construction industry. "We are also making good progress on soft products," says Sarun. "But with new machine sales rising so fast, meeting the 30% of revenues from soft products is impossible in the short term, so we are looking at a 20% year-on-year growth rate instead.

"Volvo's strategic objectives have been difficult but they have been clearly set out to all our dealerships," concludes Sarun. "For us, the strategy is working and we're beginning to see the results. We still have time and I know we can improve even more in that time. This conference has been great to review where we are and what still needs to be done. Now we can go away and do our best to complete them; with Volvo's support."

Author: Clare Gittins - London, United Kingdom
