

# Apollo strives to build brands

Tyre maker is focusing on product, market and reach to realise its Vision 2020

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A year after Apollo Tyres talked about its Vision 2020 to be a “premier tyre company with a diversified and multinational presence”, the company claims its strategies around product, market and reach are keeping it on track despite challenges. Its three-pronged strategy to achieve the vision is — to consolidate position in existing markets and seek new markets/segments; to continue investment in both its brands (Apollo and Vredestein) and capacity expansion via greenfield facilities; and to seek other growth opportunities.

Onkar S Kanwar, chairman and managing director of Apollo Tyres, says a sustained focus on its key principle of profitable growth by maintaining a healthy top and bottom line has helped it in these “uncertain times”. It relies on strong R&D to maintain the right product mix, create a price and product leadership, and continuously invest in building its brands.

According to Neeraj Kanwar, vice-chairman and managing director, as a first step to realise its Vision 2020, Apollo identified key priorities for the company — “build leadership in India”, “premiumisation in Europe”, and “explore strategically attractive markets where Apollo is not represented”.

The company was lacking presence in two-wheeler tyres. Last year, it entered this segment which has gained it more access in rural areas. As a result, more rural distributors became exclusive partners.

On the other hand, it has added new capabilities of highway tyres. In the field of agriculture also it has granulated its operations and gone into specific applications such as harvesters to meet growing specialty tyre requirement.

In terms of product, it has invested in R&D on radial technology. Says Satish Sharma, president, Asia Pacific, Middle East and Africa, Apollo Tyres, “We are building up brownfield capacity in our Baroda plant, where we will bring in the two-wheeler radial tyre to market before the end of the calendar year.” The company is focusing on quality radial tyre for two-wheelers, apart from rolling resistance and other latest technologies. “With the GST behind us, a good monsoon, and the market looking good, if the macro environment continues to be alright between 2017 and 2020 and with the capacities we have built, we hope to be a serious contender towards realising our vision,” adds Sharma.

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## TOWARDS 2020

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ed footprint across India and globally.

In its Chennai plant, investments in two phases are pegged at ₹2,700 crore. It has completed the phase I expansion of the truck-bus radial (TBR) capacity. Phase II will see ramping up of capacity to 12,000 units per day. Apollo also plans to set up its fifth Indian manufacturing plant, in Andhra Pradesh, to create capacities for two-wheeler tyre and other emerging categories.

As part of its aspiration to launch TBR in Europe, marking Apollo’s entry in the highly competitive commercial vehicles segment, various teams have been working for over five years developing products and extensively testing across six nations. The company believes its innovative approach of selling products online and directly to

consumers will help despite a late entry in Europe. While India continues to be its largest market, Apollo has entered new markets in Asia, including the Middle East.

Kanwar says Apollo is witnessing double-digit growth from most of its new markets. With the launch of its first overseas greenfield plant in Hungary this April, it can focus on expanding its base in Europe and the US. Apollo’s two-wheeler products have met with acceptance in performance and aesthetic parameters. Within the first year, it has crossed the one-million mark in this category.

Its marketing and R&D teams have been working to launch country-specific products like the semi-lug commercial vehicle bias tyre for Bangladesh and Indonesia and tyres to cater to the growing SUV markets in the Middle East. In India and Europe, it continues to grapple with the challenges of low-cost Chinese truck tyre imports. While the government’s demonetisation initiative led to a lull in imports, they picked up pace in Q4 of the last fiscal.

Apollo is also focusing on expanding its network of branded retail points, which churn out over 30 per cent of its sales. In the

last fiscal, this network grew by over 26 per cent taking the tally to 290 stores across 150 cities. Besides the branded Apollo Zones, it has enhanced its rural distribution footprint with two new formats — Apollo Vikas Kendra and Apollo Rural Distributor. In the rural market, its penetration is led by exclusive dealers rather than multi-brand ones. It has around 660 such dealers and aims to grow it to 1,000 in the next year.

The company is also looking at tapping e-commerce, with its dealers already ordering online. “We are doing a lot of supply chain innovation, improved stock out index, on-time delivery,” says Sharma.

The ASEAN region saw double-digit growth in FY17 in all key product categories. Even though the company has a diversified portfolio and despite many tyres winning coveted ratings, the operations continue to be dampened by capacity constraints.

Its satellite R&D centre in Raunheim (Frankfurt) continues to work towards establishing ties with leading German original equipment customers for both Apollo and Vredestein brands.

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