

# Determined the strategic direction for Asian market entry for largest U.S auto manufacturer

## Situation

- U.S auto company with aggressive **expansion plans for Indonesia**, invested in manufacturing plant in Asia
- Strong growth in car penetration rates and government support for the auto-manufacturing industry
- However, client faced stiff competition from Asian automakers (>90% market share combined) and was losing >100m per year

## What we did

- Assessed the growth potential of Indonesia auto market along three dimensions: product category, customer segment and geographical area, and determined the strongest area of entry
- Determined client's current manufacturing capacity and competitive position to address target segment
- Conducted mystery shopper visits to >50 client and competitor dealerships
- Built financial model to determine manufacturing options

## Impact

- Determined that client was in very weak market position, with <1% market share, with poor brand positioning and low customer recall and poor quality image, v.s. entrenched Asian presence in the market
- Financial model showed sustained losses, even in most positive scenario
- Made drastic recommendation to global board to shut down Indonesia manufacturing operation, which made up less than 5% of global sales