

TRUCAR.IN: FINDING A POSITION IN AN EMERGING ONLINE MARKET

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Version: 2018-07-13

In May 2017, Varun Kalra was pondering his aspiration of being an entrepreneur who made a difference in the automobile industry. A management graduate from a reputed business school in India, Kalra was immensely passionate about cars. After gaining five years of experience in the financial sector in 2014, Kalra launched his venture TruCar.in (TruCar), an online car portal he hoped would make a mark in the online car portal industry in India.

Unlike the existing online platforms that focused solely on selling used cars and providing necessary information to new car buyers, TruCar.in was a website built to help consumers (visitors to the website) select particular car models in accordance with their requirements and budget. The website provided information on the car availability at specific dealerships and the range of attractive discounts the dealerships offered. It listed and regularly updated the details of several car brands sold in India, and enabled consumers to contact TruCar's online team for selecting a dealer of their choice.

To develop an effective marketing strategy to compete with both the established and the new online car portals in the Indian market, Kalra needed to identify key market segments among car consumers. In doing so, he faced some crucial questions. What was the way to determine the appropriate target segment? Which segment would offer a better business opportunity? How should the company position its offerings in the minds of the chosen target segment? As Kalra was thinking about these questions, he felt certain his company's future depended upon how they were answered.

THE AUTOMOBILE INDUSTRY IN INDIA

By 2020, India was expected to be one of the key markets globally and a developing automobile exporter for the automobile industry,¹ which in mid-2017 accounted for 7.1 per cent of India's gross domestic product of US\$2.26 trillion.² Moreover, the Indian automobile industry produced a total of 25.3 million vehicles (passenger, commercial, and two- or three-wheelers) in April 2016–March 2017. The Society of

¹ Booz & Company, *Indian Automotive Market 2020*, 2011, accessed September 26, 2017, www.strategyand.pwc.com/media/file/Strategyand-India-Automotive-Market-2020.pdf.

² All currency amounts are in US\$ unless otherwise specified. "Automobile Industry in India," India Brand Equity Foundation, accessed September 29, 2017, www.ibef.org/industry/india-automobiles.aspx.

Indian Automobile Manufacturers expected an annual growth of 10–15 per cent in the Indian automobile sector with a turnover of \$300 billion by 2026.³

The Department of Industrial Policy & Promotion declared that foreign direct investment in the Indian automobile industry was \$15.79 billion between April 2000 and September 2016.⁴ Since the liberation of the Indian economy in 1991, multinational firms had started setting up their export plants in the country, which were favoured by low operating costs.⁵ This trend continued until 2017. The electric car manufacturer Tesla Inc. was expected to enter the Indian market soon,⁶ and several other multinational companies were expected to launch innovative and technologically advanced vehicles in India in the near future.⁷ Moreover, the industry was expected to be one of the major drivers of the “Make in India” campaign, a government of India initiative to promote the manufacturing sector in India.⁸

The automobile industry in India was primarily classified into commercial vehicles, passenger vehicles, and three- and two-wheelers.⁹ The Indian passenger car market was expected to grow from 1.97 million units in 2014–15 to 4 million units by 2020.¹⁰ The two-wheeler segment in the Indian automobile industry, which catered to the growing middle class and young population in the country, had an 81-per-cent contribution toward the market share, as opposed to the 13-per-cent contribution of the passenger vehicle segment¹¹ (see Exhibit 1).

EMERGING ONLINE CAR PORTALS IN THE AUTOMOBILE INDUSTRY

The automobile industry had witnessed tremendous changes over the years, which started with the philosophy of Henry Ford, who in 1908 said, “You can have any colour [car] as long as it’s black.” In 2016, the company Ford had founded, the Ford Motor Company, was offering mass customization for most of its car models, through online and offline channels.¹² Over the years, the process of purchasing a vehicle, particularly cars, became increasingly complex. This complexity created opportunities for the emergence of web-based (online) car portals. Business experts considered the online car portal business as the next billion-dollar opportunity.¹³ The online platforms in this sector primarily catered to the following two segments: (1) the used-car marketplace, which focused on selling and buying used cars, and (2) online auto classifieds, which primarily provided information to potential buyers of new cars.

The online car portal business in India was about 10 years old, with a handful of companies in the industry such as CarWale India (CarWale), CarTrade.com (CarTrade), and CarDekho, which offered numerous services to consumers and dealers.

³ BMR Advisors, “Indian Automotive Industry: The Road Ahead,” *Forbes India*, October 20, 2015, accessed September 20, 2017, www.forbesindia.com/blog/business-strategy/indian-automotive-industry-the-road-ahead.

⁴ “Automobile Industry in India,” op. cit.

⁵ BMR Advisors, op. cit.

⁶ “Automobile Industry in India,” op. cit.

⁷ Tim Leverton, “Cars will Evolve as Essential Part of Digital Life,” *Economic Times*, June 14, 2017, accessed September 12, 2017, <http://auto.economictimes.indiatimes.com/autologue/cars-will-evolve-as-essential-part-of-digital-life/2422>.

⁸ “Automobile Industry in India,” op. cit.

⁹ “Overview,” Society of Indian Automobile Manufacturers, accessed September 15, 2017, www.siamindia.com/statistics.aspx?mpgid=8&pgidtrail=9.

¹⁰ “Automobile Industry in India,” op. cit.

¹¹ Ibid.

¹² Mohan Subramaniam, Bala Iyer, and Gerald C. Kane, “Mass Customization and the Do-It-Yourself Supply Chain,” *MIT Sloan Management Review*, April 5, 2016, accessed August 12, 2017, <http://sloanreview.mit.edu/article/mass-customization-and-the-do-it-yourself-supply-chain/>.

¹³ Deepti Chaudhary, Shravan Bhat, Debojyoti Ghosh, and Sohini Mitter, “10 Sharply Focused Ecommerce Players in India,” *Forbes India*, March 17, 2015, accessed September 26, 2017, www.forbesindia.com/article/ecommerce-in-india/10-sharply-focussed-ecommerce-players-in-india/39827/1.

MAJOR COMPETITORS IN THE ONLINE AUTOMOBILE INDUSTRY¹⁴

CarWale: India's oldest online car portal, CarWale,¹⁵ established in 2005, had initiated a unique model for offering free car consultations to car buyers across the country. CarWale was initially launched as a website offering consolidated information regarding the used-car inventory of Indian car dealerships.¹⁶ It gradually increased its functional portfolio by introducing features that helped the owners of old cars to estimate the cars' value before actually selling them. CarWale eventually moved into the online auto classifieds business segment in 2007. This business segment focused on providing potential buyers with information regarding new cars. Catering to the needs of the new-car segment led to the introduction of numerous features on its website such as the latest costs and offers across dealerships, detailed specifications of cars, car comparisons, reviews by automobile industry experts, reviews by car owners, and blogs. These features on the website facilitated the car-buying decision with thorough information on cars and attracted numerous consumers; consequently, CarWale's online traffic gradually increased.

The company had a presence in 200 Indian cities and towns with a network of more than 1,000 new-car dealer outlets. Moreover, it provided loan processing and insurance options. This served as an information source for buyers to access the best available car prices, the cheapest loans, and the lowest insurance quote. CarWale also rolled out dealership loyalty and rewards programs to promote its business in the country.

CarTrade: CarTrade, established in 2010, was a popular website that dealt in business-to-business and business-to-consumer operations for used cars. On its business-to-consumer platform, consumers could buy and sell used cars, whereas on cartradeexchange.com (CarTrade's business-to-business platform), dealers could manage the online auction and sales. CarTrade, promoted by automobile industry veterans, offered car price information, certification, insurance, and used-car financing. Moreover, to facilitate the evaluation of cars, it offered features such as comparisons, on-road prices, and reviews for new-car buyers.¹⁷ Furthermore, CarTrade physically networked with more than 4,000 dealers across 80 cities in India.¹⁸ The website enlisted more than 180,000 certified used cars.¹⁹ The platform attracted 4.5 million–5 million unique visitors per month.²⁰ In 2016, it acquired CarWale and emerged as a market leader in the used-car and auto classifieds market.²¹

CarDekho: CarDekho.com, established in 2008, was another leading online car portal, with 33 million visitors per month,²² providing users with expert reviews, detailed specifications, and cost comparisons for car brands and models available in India. The company collaborated with 1,900 new-car dealers and more than 4,000 used-car dealers across the country.²³ It provided consumers an immersive experience of evaluating

¹⁴ No specific report or research identifies these specific four companies as major the competitors; we have chosen these companies based on their existence in the market and our discussion with Varun Kalra, who considers these companies to be his close competitors.

¹⁵ "Find the Right Car," CarWale India, accessed September 10, 2017, www.carwale.com.

¹⁶ Ibid.

¹⁷ Disha Kathuria, "These 5 Startups Are Redefining the Experience of Buying a Car," YourStory, February 11, 2017, accessed September 29, 2017, <https://yourstory.com/2017/02/startups-redefining-car-shopping>.

¹⁸ "About Us," CarTrade, accessed August 16, 2017, www.cartrade.com/company/about-us.

¹⁹ Anita Babu, "E-commerce Platforms Selling Pre-owned Cars Likely to See Traffic, Growth Surge," *Business Standard*, March 29, 2015, accessed September 26, 2017, www.business-standard.com/article/companies/online-platforms-selling-pre-owned-cars-see-increased-interest-115032500404_1.html.

²⁰ Ibid.

²¹ "Find the Right Car," op. cit.

²² Rahul Sachitanand, Malini Goyal, and Rajiv Singh, "15 Startups that Appear Best Placed to Enter the \$1-Billion Valuation Club," *Economic Times*, ET Tech, January 4, 2016, accessed September 29, 2017, <http://tech.economictimes.indiatimes.com/news/startups/15-indian-startup-potential-unicorn-club/50433985>; This included website traffic from Gaadi.com, because both firms were owned by GirnarSoft. CarDekho also acquired Zigwheels.com in 2015.

²³ Ibid.

cars before they visited the dealer showroom. CarDekho had launched innovative features such as 360-degree interior and exterior views of cars, search functions, and cost and feature comparisons.²⁴ It facilitated the buying and selling of used cars. Furthermore, CarDekho provided several tools for car dealers to manage their day-to-day operations such as managing leads, tracking sales performance, and digital marketing support.

Autoportal: Autoportal, co-founded by Anton Rublevskyy, was a Ukraine-based start-up that entered the Indian market in late 2013. This web-based portal provided information on automobile products using thorough research tools, comprehensive video reviews, and comparative car analysis for different car models, which facilitated the consumer decision-making process for the purchasing and selling of cars. In a very short period, Autoportal had carved a niche space in the online car market.

Apart from these major competitors, Zigwheels.com and Gaadi.com were considered established companies in the market.²⁵ Moreover, new Indian and multinational companies had entered the online car industry in India, leading to stiff competition. Popular classified advertising platforms such as Quikr and OLX, which had traditionally dealt in the selling and buying of household items, also entered the used-car market. These established companies, supported by global investors, had a healthy revenue stream from other businesses. The financials of the major competitors (see Exhibit 2) suggested that firms were incurring huge advertising expenditures to gain consumer attention.

Overall, the online automobile industry was an emerging industry, and over the last few years investors had keenly observed the emerging companies.²⁶ Several mergers and acquisitions and private equity investments were initiated in this segment.²⁷

In addition to the used-car market and online auto classifieds, online new-car sales emerged as a third segment. This business segment was anticipated to be the next growth phase of the online car platforms. The multinational players were already moving forward from being simply mirrors for car dealership inventory to becoming e-commerce websites where consumers could actually buy a car without visiting the physical car dealership.²⁸ Global leaders, including Cars.com, Autobytel, and AutoTrader, were already moving toward becoming full-fledged car-buying websites.²⁹ The next level of growth required attracting consumers and enhancing their online experience, which could only be done by understanding the car-buying process and the specific consumer requirements at each stage.

EVOLVING CAR CONSUMER BEHAVIOUR

In 2014–15, approximately 2.6 million new passenger vehicles, including cars, utility vehicles, and vans, were sold in India.³⁰ Several new companies entered the Indian market, and several new models were

²⁴ Disha Kathuria, *op. cit.*

²⁵ Jubin Mehta, "One Hell of a Ride: More than \$100 Million Poured into India's Auto Classifieds Space," *YourStory*, February 14, 2015, accessed October 10, 2017, <https://yourstory.com/2015/02/india-auto-classifieds-space>.

²⁶ *Ibid.*

²⁷ Ketan Salhotra, "Indian Automotive Industry in the E-commerce Era," *Economic Times*, ET Auto, May 26, 2016, accessed October 10, 2017, <http://auto.economictimes.indiatimes.com/autologue/indian-automotive-industry-in-the-e-commerce-era/1523>.

²⁸ Jubin Mehta, *op. cit.*

²⁹ Vince Bond Jr., "Car-shopping Sites Could Move into Sales: Dealer, Finance Partnerships Needed First," *Automotive News*, March 27, 2017, accessed September 15, 2017, www.autonews.com/article/20170327/RETAIL07/303279979/car-shopping-sites-could-move-into-sales.

³⁰ Ketan Salhotra, *op. cit.*

introduced by both the existing and the new manufacturers in the country. Demand was generated from not only Tier 1 cities but also Tier 2 and Tier 3 cities.

Purchasing a car was a complex decision for consumers. When consumers recognized the need for a new car, they first searched for a variety of models and brands available in the market. Experts opined that at least 80 per cent of Indian consumers searched online before buying a car.³¹ However, a few surveys had indicated that 96 per cent of consumers sought recommendations from their friends and actively solicited information regarding various makes and models, whereas 50 per cent searched online for information about cars.³² The consumers then visited authorized dealers to further inquire about their preferred brands. Consumers were generally in active information processing mode when they visited dealerships. They interacted intensively with salespeople and relied on test drives to evaluate different models. Hence, dealers spent a substantial amount of time with the consumers to inform them of the various attributes of their preferred brands such as technology, mileage, features, on-road price, loan facility, the availability of the car, and discounts.

This process narrowed down consumers' search to two or three brands for evaluation based on the significance they attached to specific attributes of a car model. The search process was reiterative, and consumers searched for information and sought recommendations while making their purchase decision. When a consumer finally decided to purchase a particular make or model, they negotiated with the dealers for the discounts and benefits the dealerships offered. Thus, the pre-purchase process required the investment of a considerable amount of time and energy from both dealers and consumers. The purchase process then involved vehicle registration and insurance; financial loans were also part of the deal. These purchase-related activities generally required the involvement of the dealers, hence they played a key role in not only selling cars but also in consumers' decision-making process for purchasing cars.

Online platforms emerged as key influencers in assisting consumers in their car-buying decisions.³³ Consumers expected a satisfactory experience from dealerships in addition to the information already made available on the online platforms. Consumers used various factors, such as their experience in the showroom, the knowledge of salespeople, the availability of cars, and the discounts offered, to select a dealer. With the evolving consumer requirements, the immediate availability of information was considerably more crucial in the selection of a dealer than the proximity of a dealer to a consumer's home.³⁴ Dealers had to adapt to the changing consumer requirements.

Dealers Had to Adapt

A strong association between car manufacturers and their dealers was central to the success of any car brand in the Indian market. A car model might have received excellent reviews, and had a satisfactory reputation and advanced technology, but without dedicated dealers to effectively represent the brand, the brand could fail to flourish. Yoichiro Ueno, president and chief executive officer of Honda Cars India Ltd., explained, "The dealerships are the most significant and important touch-points for consumers."³⁵ Because dealers provided consumers with sales experience, product-feature explanations, and after-sales service, they

³¹ BS Reporter, "How Vinay Sanghi Took Cartrade.com to Forbes' Top 10 List," *Business Standard*, August 19, 2015, accessed September 27, 2017, www.business-standard.com/article/companies/how-vinay-sanghi-took-cartrade-com-to-forbes-top-10-list-115081900241_1.html.

³² FMCG and Retail, "How Indian Consumers Navigate the Car Buying Journey," The Nielson Company, LLC, May 8, 2014, accessed September 27, 2017, www.nielsen.com/in/en/insights/reports/2014/how-indian-consumers-navigate-the-car-buying-journey.html.

³³ Ketan Salhotra, *op. cit.*

³⁴ Sumantra Barooah, "Car Buying Behaviour in India Takes a Shift," *Autocar Professional*, accessed September 27, 2017, www.autocarpro.in/features/car-buying-behaviour-india-takes-shift-3408.

³⁵ BT Online, "Honda Car India Reaches 300 Dealers Milestone," *Business Today*, August 20, 2017, accessed September 29, 2017, www.businessstoday.in/sectors/auto/honda-cars-india-reaches-300-dealers-milestone/story/236386.html.

played a crucial role in the consumer's decision-making process for purchasing a car. India's leading car manufacturer, Maruti Suzuki India Limited, had 2,043 sales points in 1,676 cities and 3,242 service points in 1,583 cities in India, which was a major reason for it being the market leader.³⁶

The Federation of Automobile Dealers Associations, an apex body representing the automobile dealers of India, facilitated the training and development of car dealers by organizing workshops and expert lectures to produce trained personnel.³⁷ A trained and gratified dealer network was critical because automobile manufacturers relied on retail businesspeople who had the energy, financial resources, and commitment to represent their brands and distribute and sell their vehicles in a geographically vast region like India.³⁸ In 2016, 62 per cent of dealers specified that car manufacturers offered them financial assistance to purchase new vehicle inventory, which had increased from 55 per cent in 2015.³⁹ The operating principles of dealers involved them buying cars from the manufacturers on credit terms, and the manufacturers offering them free credit for a few months, after which the dealers were required to pay interest on the loan amount. Hence, dealers were always inclined toward fast inventory turnover to increase their profitability and thereby increase volumes. This increase in volume was the primary reason why dealers offered attractive discounts to the consumers who were willing to buy cars. This created a space for online car-buying and selling platforms in the automobile industry, as consumers had to negotiate with dealers. However, even such efforts might not have been effective because consumers were unaware of the discounts the dealers were willing to offer. Online platforms that offered information on the dealers who were willing to provide discounts thus could be useful in the car-buying process, particularly when consumers were about to close the sale.

SEALING THE DEAL: SALES PROMOTION AND INFORMATION ASYMMETRY

Indian consumers were known to be deal-prone. They bargained, even for low-priced products, and sought high discounts and offers for high-value products, such as cars. Hence, wooing consumers toward the purchase of cars for the fast clearance of car inventory from dealership showrooms was marked by offering heavy discounts and freebies. Several types of discounts, such as cash discounts, exchange discounts, corporate discounts, loan-rate discounts, insurance discounts, and others (see Exhibit 3), were prevalent in the Indian automobile industry. The most widely chosen discount by Indian consumers, and thus the easiest method to attract them to dealerships, was the cash discount. The freebies included steering covers, anti-rust or Teflon underbody coating, seat covers, wheel covers, infotainment systems, reverse-parking cameras, internal lighting kits, and airbags, which were offered by dealerships on a case-by-case basis.

Information asymmetry existed in the car market. The discounts announced by car manufacturing companies were advertised publicly and thus were uniformly available to all consumers, but the discounts and offers at the dealer level were not advertised publicly. The monetary value of discounts depended on the ability of the consumers to negotiate with the dealers, as well as the dealers' ability and willingness to offer the discounts to the consumers at a given time. Because dealerships obtained all of their vehicles on credit from the car manufacturers and had to pay interest from the second month of the cars' delivery to their facilities, they tried to clear their inventory as soon as possible to minimize interest expenses. A dealer who was unable to sell enough cars to maintain profitability was more willing to offer discounts compared with dealers who had

³⁶ Indian Retailer Bureau, "Good Revenue in an Automobile Dealership," Franchise India, November 24, 2016, accessed August 14, 2017, <https://retail.franchiseindia.com/article/sector-watch/luxury/Good-revenue-in-an-automobile-dealership.a5531/>.

³⁷ "FADA," Federation of Automobile Dealers Associations, India, accessed August 14, 2017, www.fadaindia.org.

³⁸ Jayesh Jagasia, "Dealership Capability as an Engine of Auto Industry Growth," *Economic Times*, ET Auto, October 24, 2014, accessed August 14, 2017, <http://auto.economictimes.indiatimes.com/autologue/dealership-capability-as-an-engine-of-auto-industry-growth/362>.

³⁹ "Network, Sales & Service," Maruti Suzuki, accessed August 14, 2017, www.marutisuzuki.com/network-sales-and-service.aspx.

already sold a substantial number of cars. This information asymmetry created scope for the existence of online platforms, such as TruCar, in the industry.

ABOUT TRUCAR

TruCar, a start-up registered in India, aimed at revolutionizing the conventional model of the online car portal. The website TruCar.in helped consumers in searching and evaluating the most suitable car according to their requirements and budget, and connected them with the car dealers offering attractive discounts. Founded by Kalra in 2014, TruCar successfully ventured into the online car market through its unique value proposition for its dealer partners and consumers. However, the company was struggling to be profitable after incurring a loss of ₹18 million⁴⁰ in financial year 2015–16. The company operated out of a small office space in the central Delhi region, employing 19 full-time personnel for website management, content curation, customer interaction, dealer management, and other day-to-day operations. The operational revenue of the company was ₹6 million in financial year 2015–16, much less than the revenue of the top players in the industry (see Exhibit 2).

Trucar.in

A consumer visiting TruCar's website and seeking information about a specific car model had to submit an online query to the company to obtain the best discounts from all the dealers in a specified region. This process saved consumers the hassle of having to visit numerous dealers and then negotiating with them for the best discounts. After the consumer selected a particular model and a few dealers, TruCar sent the consumer inquiry to the dealers selected by the consumer, and these dealers then quoted their prices. The consumer was then able to compare all the discounts quoted by the dealers; finally, the consumer selected a specific offer, and thus a specific dealer. Consumers who finalized and accepted an offer were diverted to the particular dealership (see Exhibit 4).

Value Proposition

TruCar's key value proposition was a transparent and consumer-friendly process, which set it apart from other major online automobile portals. The key values of the company were consumer privacy and transparency. Privacy implied that the company shared consumer information with only the dealers selected by the consumer. Transparency implied that dealers were charged a fee by the company only after a transaction between the dealer and the consumer was completed and routed through the website. The core value of transparency introduced several benefits for the consumers and for TruCar's partner dealers (see Exhibit 5). The dealers, who were crucial partners for TruCar, were offered verified leads. These leads included consumers who had expressed interest in a particular dealer. The consumers' contact details were shared with only these dealers. This prevented the consumers from receiving calls from unwanted dealers, which was a common occurrence, as several players in the industry sold leads to numerous dealers. TruCar's arrangement was beneficial to the dealers as well, because it prevented dealers from wasting their time with the cold leads offered by TruCar's competitors. Thus, TruCar primarily aimed to refine the existing model followed by the other players—it charged only for the converted leads, unlike the other players who charged dealers for each lead provided.

⁴⁰ ₹ = INR = Indian rupee; US\$1 = ₹64.1405 on May 1, 2017.

Overall, TruCar was determined to transform consumers' online information search and dealer selection experience. TruCar understood that an integrated consumer experience strategy was key to building consumer and dealer loyalty, and consequently high profit margins, in the evolving online automobile industry.

CHALLENGES AHEAD

TruCar was a new entrant in the online automobile industry. Numerous established companies in the industry, such as CarWale and CarDekho, had a satisfactory reputation among consumers and wide dealer bases. Determining the consideration set of online consumers would likely be a major challenge TruCar would encounter in the future. Dealers had also been developing their websites to cater to the changing needs of Indian consumers, and several new entrants were expected to emerge as close competitors for TruCar.

Because cars were high-involvement products, consumers considered close contact with the car an essential parameter for car selection, which was another major challenge for TruCar. To cater to the requirements of such consumers, the company had to develop a market-specific mix of a physical and a digital presence. Unlike some competitors, who were incurring losses and yet investing heavily in advertising, Kalra had only a ₹20-million advertising budget, which was much lower than those of major companies. Automotive retail had recently undergone a shift from a product-driven to a consumer-centric approach. Therefore, adapting to changing consumer requirements would be challenging for companies such as TruCar. Kalra believed that he needed to identify viable target segments and position TruCar differently from its competitors in the minds of consumers. Therefore, he had to develop a clear plan that considered a limited amount of investment in the short term.

EXHIBIT 1: AUTOMOBILE SALES IN INDIA 2012–2016

Automobile Category	2012–13	2013–14	2014–15	2015–16
Passenger Vehicles	2,665,015	2,503,509	2,601,236	2,789,208
Commercial Vehicles	793,211	632,851	614,948	685,704
Three-Wheelers	538,290	480,085	532,626	538,208
Two-Wheelers	13,797,185	14,806,778	15,975,561	16,455,851
Total	17,793,701	18,423,223	19,724,371	20,468,971

Source: Adapted from “Automobile Domestic Sales Trends,” Society of Indian Automobile Manufacturers, accessed September 28, 2017, www.siamindia.com/statistics.aspx?mpgid=8&pgid=14.

EXHIBIT 2: MAJOR PLAYERS IN THE ONLINE AUTO CLASSIFIED INDUSTRY—FINANCIALS, FY2015–16 (₹ MILLION)

Company	Operational Revenue	Employee Benefit Expense	Advertising Expense	Loss	Total Funding Raised
CarTrade.com	323	500	1,060	1,476	14,783
CarWale India	356	321	571	908	N/A
CarDekho	824	1,440	620	1,437	4,820
Droom.in	47	77	154	141	2,892

Note: FY = fiscal year; N/A = not available; ₹ = INR = Indian rupee; US\$1 = ₹64.1405 on May 1, 2017

Source: Supraja Srinivasan, “Struggling Online Auto Classifieds Bet on Used Car Business to Increase Revenues,” *The Economic Times*, February 17, 2017, accessed February 6, 2018, <https://economictimes.indiatimes.com/small-biz/startups/struggling-online-auto-classifieds-bet-on-used-car-business-to-increase-revenues/printarticle/57198054.cms>.

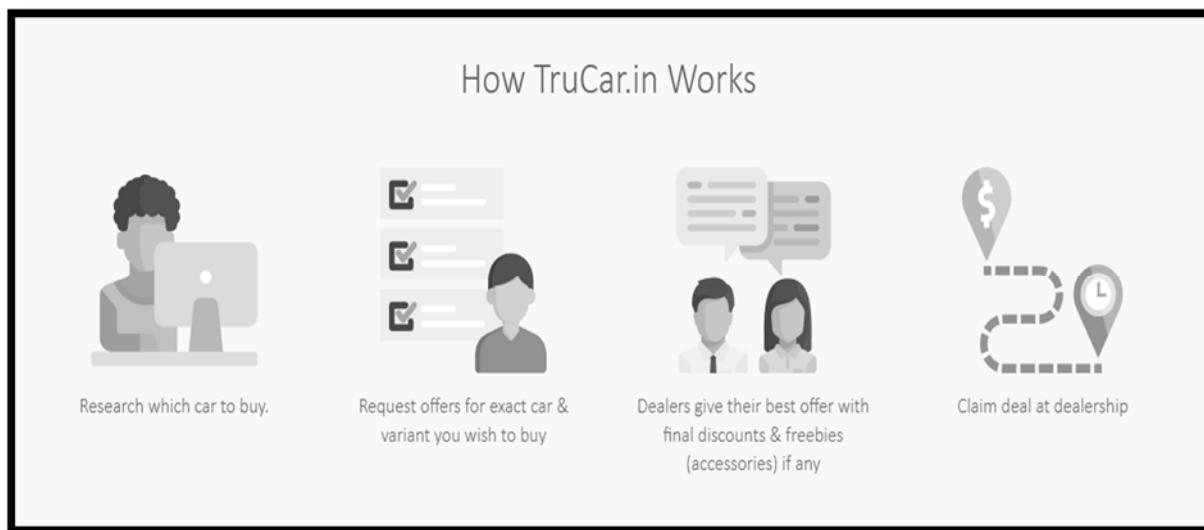
EXHIBIT 3: SALES PROMOTION PREVALENT IN THE INDIAN AUTO INDUSTRY

Cash Discount	Cash discounts are car dealerships' preferred method of providing discounts. The amount of the discount depends on various factors such as a car's year of manufacture, the amount of inventory with the dealer, the demand for a particular model, consumer credentials, and mode of payment.
Exchange Discounts	Exchange discounts/bonuses are used to pull consumers toward buying new cars. The discounts have a wide range, from ₹10,000 to ₹1,000,000, depending on the value of the car exchanged.
Corporate Discounts	Tie-ups with big corporate houses or public sector companies is a new trend in the car industry. The discounts generally have a small bracket of ₹10,000 to ₹50,000 and are generally not used by premium car brands.
Discounts on Loan Rate	This type of discount is not applied as frequently as others and is offered by brands such as Toyota through its own car financing division (i.e., Toyota Financial Services). Some car manufacturers offer a car loan rate that is reduced from the rate prevalent in the car loan market. The reduction in a car loan interest rate can be as high as 1%, though it depends on the amount of the loan, buyer credentials, and loan terms.
Discounts on Insurance and Other Charges	These types of discounts are only given during month end, when the clearance of stock is of utmost importance to the dealers and manufacturers. In the case of a consumer who agrees to pay a full cash down payment, or who has very high negotiation power, these discounts are used to seal the deal. The range of discounts may vary from ₹5,000 to ₹50,000.

Note: ₹ = INR = Indian rupee; US\$1 = ₹64.1405 on May 1, 2017

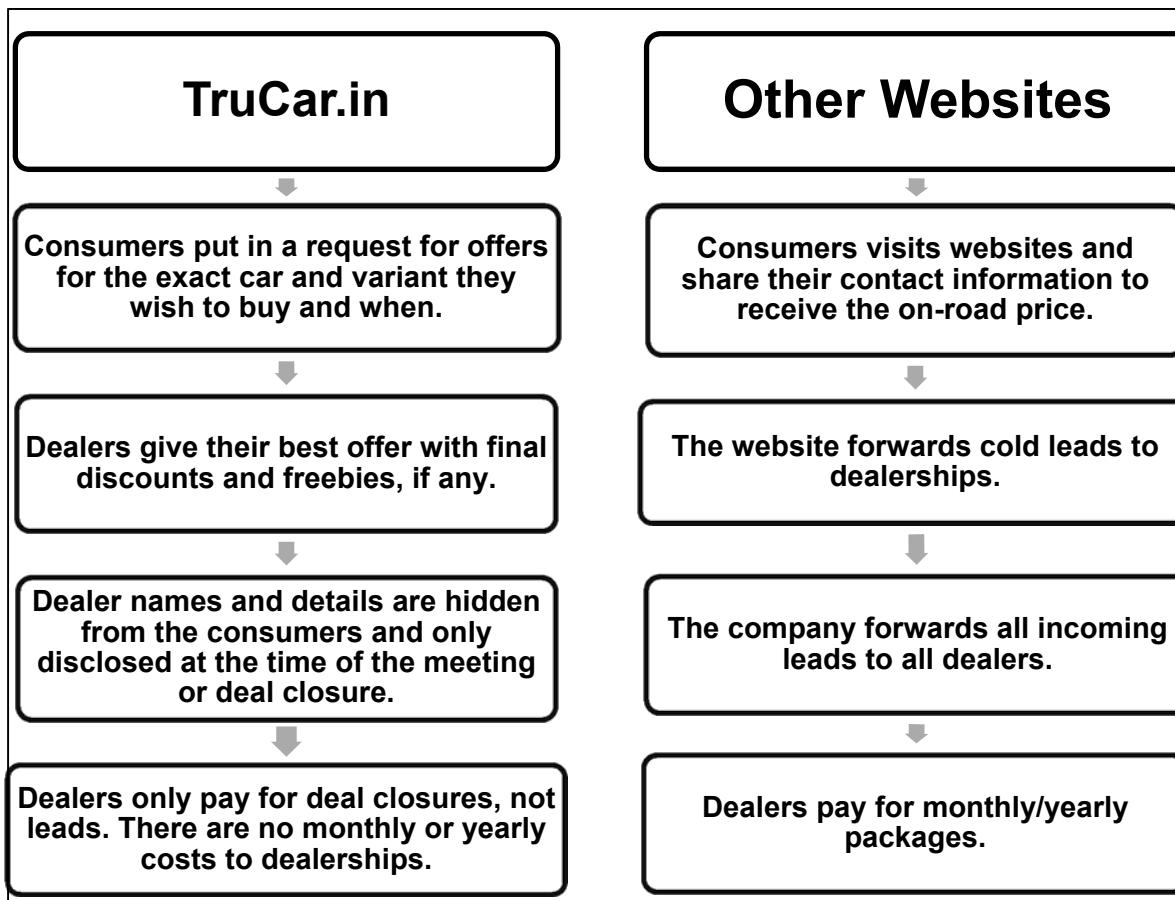
Source: Prepared by authors based on their discussion with several car dealers.

EXHIBIT 4: SNAPSHOT OF THE TRUCAR PROCESS



Source: "How TruCar.in Works," TruCar.in, accessed August 13, 2017, www.trucar.in. Reproduced with permission.

EXHIBIT 5: TRUCAR.IN'S UNIQUE APPROACH TO LEAD GENERATION AND CLOSURE



Note: Because the online market is evolving at a rapid pace, and competitors may evolve over time, the given facts may not hold true for long into the future.

Source: Created by the case authors based on the authors' discussion with Varun Karla and on TruCar.in's corporate presentation. Reproduced with permission.