

Countering Demonetization with Customer Centric Solutions

January 11, 2017 by [Editor](#) [Leave a Comment](#)

Industry leaders are not too worried about the impact of demonetization and are preparing for better days ahead:

With the recent currency ban of 500 & 1000 rupee notes, challenges in the functioning are being experienced in every industry, and the automobile industry stands no different. As per the SIAM data, auto majors like Hyundai, Mahindra & Mahindra and Ford reported a decline in their domestic sales in December. Other firms such as Tata Motors, Renault, Nissan and Volkswagen, however, reported increase in their Indian sales in the same period. said its domestic sales in December were at 40,057 units as against 41,861 units in the same month previous years, down 4.3%. Automobile sales in December 2016 crashed 19% compared with the previous December.

IMPACT ON SENTIMENT & SALES



Pravin Shah, M&M Chief Executive (auto division)

The auto industry continues to go through challenging times, grappling with the short-term effects of demonetization as well as reduced and postponed purchase decisions. Pravin Shah, M&M Chief Executive (auto division), said: "We believe there will be a gradual pick-up in demand starting next few months. I believe, this, coupled with stable fuel prices and reduced inflation and interest rates, will fuel the automotive industry's growth going forward."

Shriram Automall also been experiencing the impact of demonetization on its business. As the used vehicles and equipment segment deals mostly with the business owners or individuals who prefer dealing in cash, the situation is certainly not favorable for both customers as well as for the Automall managers.



Sameer Malhotra, CEO, Shriram Automall

Owing to the shortage of cash, customers at the different Automall locations coming to participate in the bidding event are facing trouble in submitting the required amount of cash for registration as well as payment of their purchases. Sameer Malhotra, CEO, Shriram Automall, shares a customer example and his problems due to demonetization: "Putting forth a recent case of a customer who came for registration at our Narela Automall bidding event. Harish Kumar, who owns a spare parts business in

Ambala, visited the Automall on November 16 with his nephew to bid for used vehicles. At the time of registration at the counter initially, he expressed his inadequacy to pay the amount by cash but was reassured by our Automall manager to make part payment in cash and the rest by cheque."

He further added: "This gave him certain relief and he further elaborated that how difficult it is for somebody like him to deposit the payments he receives in cash in his bank account due to the long queues outside the banks these days. As he is mostly used to making all cash transactions with his customers and vendors, he was having trouble now."

2-WHEELER SALES

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Domestic 2-wheeler industry closed at an 80-month low of 9.09 lakh units in the traditionally lean month of December 2016. Despite continued pressures of demonetization in December, Honda sales grew over 50% faster than the industry in the calendar year 2016 and volumes grew by nearly half a million (0.48 million units) to 4,988,512 units. Y.S. Guleria, Senior Vice President for Sales & Marketing at Honda Motorcycle and Scooter India, said: "As the macroeconomic situation post demonetization is steadily improving, upcoming festive season and with expectations of a growth-propeller Union Budget, Honda is cautiously optimistic for the last quarter of the current financial year; and hopes to close 2016-17 with a double-digit growth."



Y.S. Guleria, Senior Vice President for Sales & Marketing at Honda Motorcycle and Scooter India

DEALING WITH DEMONETIZATION

Shriram Automall has been accommodating for the currency ban and putting in its best efforts to make things easier for the customers as far as possible. It is providing new alternatives for payments and registration such as accepting payment through cheque and debit/ credit cards, through NEFT/ RTGS or any electronic mode, opening channels through its mobile application and online/ website payment gateways, to enable hassle-free transactions for its customers.

Sameer commented on the payment options: "We have extended the period of 7 days, for taking possession of the pre-owned vehicles and equipment purchased at the bid, to 15 days instead. The idea is to provide more time to the customers to be able to arrange for the payment and our Automall managers have had their customers appreciating this sensitivity of the company. Overall, impact of demonetization is short term phenomenon and the situation will improve with the better flow of cash in the market."

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