



‘WE WANT TO BE A SIGNIFICANT PLAYER IN THE MARKET’

In conversation with Pat Berriman - Director, Falken Tyres
Interviewed by: Gaurav Nagpal

Car India (CI): Since when has Falken Tyres been selling its range in India?

Pat Berriman (PB): We started selling in April 2013, just about a year ago. We sell aftermarket tyres for cars and SUVs and have a wide range of sizes available here in India.

CI: How has the first year in the Indian market been for Falken? Where do you stand in terms of value/volume of sales or market share?

PB: We would not like to give out numbers

at this time. It is difficult to put a number to this as we are constantly growing, and we are not really on the radar yet. Our target is to sell as much as possible; we want to be seen as a significant player in the market. We are not looking to knock off Bridgestone or Apollo in the next year, but we think we have a place in the market.

CI: What sizes of tyres does Falken sell in India?

PB: We plan to bring a total of 76 products in sizes from 12”-20”. Of these, in

India we currently sell 66 products in sizes from 12”-18”, and we have a tyre for every type of passenger four-wheeler – from a Maruti Alto 800 to an Audi Q7. Within these 66, 44 are locally manufactured in India, while 22 come from our Sumitomo factory in Thailand. The remaining 10 products are manufactured at the Sumitomo factory in Japan and might be brought to India in due course.

CI: Is this car and SUV focus specific to India in other countries as well?

PB: We also have truck radials in some countries like the US, Europe and Japan. For this market, we are not participating in the truck radial segment, and we do not have any plans to do so.

CI: What is unique about Falken’s offerings as compared to incumbent tyre manufacturers in the Indian market?

PB: Our offering is unique as we have a mix of local and imported products available in multiple sizes, which gives us a better opportunity to cover the market. The two things that we want to do is to have a good product and a good range, and we would like to cover as much of our range as we possibly can.

One of the unusual things we did was to introduce a Road Hazard Warranty, wherein if your tyre suffered some serious damage within the first two years and required replacement, we would cover up to 50 per cent of the cost on a pro-rata basis. We did this to give confidence to the dealer and to the consumer. We have had a number of tyres coming back to us under this warranty and the condition of some of these was unbelievably bad, which goes to show the tough conditions the tyres have been through.

CI: How do you position the Falken brand? What distinguishes it from other brands selling in India?

PB: We essentially position ourselves as a Japanese brand. Falken is owned by the Sumitomo Group, and Sumitomo is the number five manufacturer in the world and number two in Japan (behind Bridgestone). We are benchmarking ourselves against Bridgestone and the other Japanese brands in terms of pricing, and are priced at about five to 10 per cent less than Bridgestone across the range.

We sell Falken in almost every country in the world, and it is truly a global brand. What we are considering is bringing in more niche sizes from amongst those available from Sumitomo and targeted in particular at European car manufacturers. So, if there is a new vehicle being launched from a European manufacturer, or if such a vehicle requires an upsized tyre, we might not have it in our currently available 76 sizes (that cater to 95 per cent of the market), but we will have it within the Sumitomo range. The market is always changing and we have tyres for all sorts of vehicles that could come in, including Porsche and other exotic brands. We have not brought the entire range as we need to comply with the BIS (Bureau of Indian

Standards) regulations, which is a process that needs time.

CI: Tell us something about your distribution network in India.

PB: We have about 400 dealers now across India. We have 18 stand-alone warehouses and our reach extends from the top of Punjab to the bottom of Tamil Nadu. We are not using any distributors or wholesalers – it is effectively a direct connection between the factory and the retailer. Our product thus goes from the factory to the

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retailer via our own warehouses, and these retailers are the guys who fit the tyres and do not wholesale it, trade it, or ship it out of the country. This works out to be an expensive model, but we have adopted this as we want to have control over the brand.

In India, we currently do not have any exclusive dealers for Falken tyres as the brand is not strong enough yet, so we sell through partnerships with multi-brand dealers.

In other countries such as Malaysia, we distribute via exclusive shops. Here too, we are developing an exclusive shop concept and we would expect to have some exclusive shops open in the next couple of months. The first exclusive shop is likely to open in Delhi within two months, followed by Mumbai and then Kochi. We will strategically place them around significant cities in the country.

CI: What are your plans on the marketing front? Apart from expanding the dealer network, what other steps do you plan to take?

PB: Other than expanding the dealer network, we are not doing a lot towards

marketing. The basic premise of what we are doing is to support the dealers, be it on, in or near their shop. We support the dealer with branding, promotions and campaigning focused on the dealer; this is why you now see a lot of shops with Falken signage and imagery.

We want to make it easy for the dealer to sell our product and make it visible. Top-of-the-mind recall does not happen instantly and takes time, and we are conscious of it and are working to develop the brand as a sought-after brand. We have about 50 sales staff in the field striving to achieve this goal.

CI: Do you plan to manufacture more products locally, especially the ones coming from Thailand and Japan?

PB: We may consider this; however, they are high-performance but low-volume sizes so it is a big decision to shift production here. We will continue with local production of the core products and might start local production of the others, depending on how things go.

CI: Are partnerships with OEM (original equipment manufacturers) something you do outside India, and could we see that here as well?

PB: This is not on the radar at the moment and might happen later, if at all. We have not followed this option outside India yet and it will happen there before it happens in India. We do have a current relationship with VW in Europe, and we would expect some imported vehicles coming into India with Falken tyres as original fitment before we see the same happening with vehicles manufactured in India. For the same reason, it is likely that for India, we would enter into an OEM partnership with a European manufacturer before we consider Indian manufacturers.

CI: What are your plans for the forthcoming 2014 Auto Expo?

PB: We are not participating in the Expo, as we are really focusing on spending to support our dealers and not to mass-market the products.

CI: What is the size of the investments Falken has made in India, and what is the plan in this regard going forward?

PB: Our capital investment stands at Rs 55 crore. Since we are a sales company, investments are not the biggest focus area, as we managed to set up our distribution network very fast. No further investments are planned at this point, but that could change in the future. 