

AMERICAN INDUSTRIAL PARTNERS – CARLSTAR GROUP

STYLED WHEEL BUSINESS STRATEGY

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The Carlstar Group is a global manufacturer of original equipment and aftermarket specialty tires and wheels for a number of industries under several leading brands, generating \$600M of annual revenue, which includes \$30M from the styled wheel division. Carlstar's 2020 financial goal is to generate \$100M of revenue with their styled wheel division, which includes three brands, Cragar®, Black Rock®, and Unique®. Carlstar selected Cragar as the first brand to undergo a sales growth strategy analysis.

Carlstar collaborated with the University of Michigan's Tauber Institute for Global Operations to develop a Go-To-Market strategy to enter new market segments that would result in an annual sales increase from \$7.5M to \$25M by 2020 for the Cragar wheel brand. A major objective of this 14-week project was to develop a comprehensive understanding of styled wheel consumers and competitors in order to identify a target market and value proposition. Sales channels were also evaluated to determine the most effective method to reach consumers with products. The investment required to develop new products that would compete in new market segments was also calculated, taking into account potential market share for the Cragar wheel brand.

Research for this project was completed through surveys, interviews, and industry reports. Surveys were developed using the latest surveying techniques to prevent answer bias and survey fatigue. Industry report information was validated with survey data generated from this project. The team attended car shows in order to complete surveys and focus group discussions with consumers. Thorough research was completed in order to generate an accurate hypothesis on the styled wheel market.

In order to increase Cragar sales, the Tauber team recommends the development of unique wheel designs and targeting a specific consumer profile by leveraging the heritage of the Cragar brand. New market share of Modern Muscle and Light Truck vehicles, 5% and 3% respectively, will need to be obtained in order to meet the \$25M sales goal. This market share will provide the opportunity to sell approximately 129K wheels per year by 2020. In order to gain new market share of Modern Muscle and Light Truck vehicles, twenty new wheel designs will need to be released over a 4-year period in order to provide a product portfolio that appeals to these new segments and to generate enough sales to reach sales targets.