

# The Automotive Aftermarket in Henan: Current State, Development Trends, and Future Outlook in the New Era

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**Abstract:** *The number of automobiles in Henan Province has experienced rapid and sustained growth. In the context of a substantial and expanding vehicle population, the service efficiency and quality provided by the automotive aftermarket remain notably inadequate. This paper primarily examines the future development model of the automotive market in Henan, with a systematic discussion of operational management and standardized regulatory frameworks. Based on this analysis, the study offers recommendations and strategic references for the future reform of vehicle sales and after-sales service systems.*

**Keywords:** Automotive aftermarket; Chain operation; Competition.

## 1. OVERVIEW OF THE AUTOMOTIVE AFTERMARKET

The automotive aftermarket refers to the services provided in the sales and use of automobiles. Due to the policy of changing from National V to National VI, many National V cars cannot be sold, leaving a large number of cars in stock. However, companies cannot avoid selling them and can only reduce prices and introduce some preferential policies to make up for the sales problem. At present, due to major crises, many industries in the global economy have not developed, and the automotive industry is no exception. Both new and used cars are facing great economic pressure. In fact, the current automotive industry, especially the sales of new energy vehicles, is quite good. For example, some micro cars such as Chery's Little Ant and Zhidou have a good market share. Of course, the growth of these market shares is mostly stimulated by female friends. Firstly, micro cars are easy to park. It's difficult to find a parking spot when going out now, but parking is also convenient when the car is small. Nowadays, automotive technology has its own mature platform models, and the lightweight technology is also very good. Once lightweight is good, it will save fuel and increase the economy.

## 2. THE DEVELOPMENT STATUS OF HENAN AUTOMOBILE AFTERMARKET

As of May 2020, the number of motor vehicles in Henan has reached 12.4 million. Zhengzhou city has added an average of over 2000 new motor vehicles per day, and the number of cars in Henan will expand significantly. Faced with the booming development of motor vehicles, Henan has started to establish industrial parks. To ensure a new level of service quality improvement in the future, responsible for integrating national automotive aftermarket resources for financing reciprocity, building parks, and actively operating in automotive parts and financing construction. Its industrial park is located in the provincial capital Zhengzhou, and is based on advanced market concepts and the comprehensive development of automobiles. The concept of automotive aftermarket covers the entire automotive industry, and is a large-scale industrial park that comprehensively develops the brand benefits, production scale, display status, and comprehensive services of the automotive aftermarket. Bring unlimited creativity and transformation to the construction and sales of automobiles. The park has also introduced multiple brands for comprehensive logistics, warehousing, and production enterprises, as well as multiple institutions for product research and development, production, product display, product sales, professional talent, and training. Building the most competitive automotive aftermarket industrial park in the domestic industry provides a better business foundation for the maintenance and repair of automobiles.

## 3. ANALYSIS OF THE DEVELOPMENT OF HENAN AUTOMOTIVE AFTERMARKET

### 3.1 Development lags behind and service quality is poor

Currently and in the future, after-sales service is definitely the majority of profit sources in the automotive industry, and the main development direction now is not limited to car repair and maintenance. Automotive finance, including financing, leasing, insurance, and so on. The modular matching of new energy, including charging piles and batteries, has great market potential. Traditional maintenance will actively cooperate with Internet Plus, and now there are online accessory stores and micro enterprises for on-site maintenance. The above three points are all supported by national policies, such as subsidies for new energy, disclosure of accessory information, and so on. At present, if after-sales service is limited to maintenance and repair, it cannot obtain too much economic benefit from the above three points. However, providing more refined and specialized services with wide coverage is completely different. Moreover, other areas of after-sales service will gradually be opened up, such as modification, which is another big cake! The professional modification design scheme is put on the Internet, which is definitely better than the traditional maintenance. So, after-sales service is not about repairing or selling parts, the most important thing is the service provided. At present, many car 4S stores, like many other industries, are not standardized, falsify warranty, inflate prices, intentionally replace parts that are clearly intact, and so on. Compared with some developed countries, China's development in the field of equipment manufacturing automation is very slow. In order to better meet this development demand, it is necessary to increase investment in this area, so as to continuously achieve intelligence. In order to better keep up with the development of today's era, the number of large-scale projects is also increasing. In order to meet the development needs of the Henan automotive aftermarket, it is necessary to continuously develop towards an integrated trend. During this period, relevant control mechanisms can be applied, which can not only improve the construction efficiency of Henan, but also reduce various degrees of losses. This can fundamentally improve the Henan automotive aftermarket to an intelligent level. The intelligentization of the automotive aftermarket in Henan Province involves a lot of content, and in general, information collection and drug testing methods are used to ensure that very good results can be achieved, providing favorable conditions for later management and control work. In today's fierce market competition, intelligent production will undoubtedly become the ultimate result of market demand. Nowadays, mechanical failures are basically not repaired anymore, and traditional maintenance has become the replacement of parts. Therefore, there is now a greater emphasis on electronic and electrical maintenance because the cause of the failure is not easy to find intuitively. Fortunately, there are now matching diagnostic instruments to assist in completing the task, which is no longer a major problem. Therefore, maintenance capabilities rely more on experience and diagnostic instruments. The future maintenance technicians will no longer be mechanical workers, but computer engineers. Moreover, with the popularization of electric vehicles, the mechanical components have become simpler, requiring less technical work.

### **3.2 Outdated concepts and weak brand awareness**

Most enterprises remain focused on honest management and lack management philosophy and commercial value evaluation for their brands. The traditional automotive repair industry, which is mainly based on electromechanical technology, does indeed face significant challenges. Due to the excessive competition and the relative decrease in technological content. The biggest change in the automotive aftermarket is the increasing complexity of the system. The demand for knowledge and related skills from service providers will also increase. This is a trend. The overall number of services may decrease, but the value of individual services will increase significantly. The control system and intelligent network system of traditional fuel vehicles are also constantly improving. The continuous addition of new energy vehicles and intelligent vehicles has also accelerated this trend. So as an after-sales service provider, the most necessary thing at present is to grasp the latest changes and timely accept the knowledge updates provided by the leaders in the parts industry. Only in this way can we hope to be in a leading position in future competition.

## **4. FORECAST OF THE PROSPECTS OF THE AUTOMOTIVE AFTERMARKET IN HENAN PROVINCE**

### **4.1 Chain operation**

Firstly, it is necessary to clarify whether the car store is a genuine 4S store. Generally, chain 4S stores are the main line, with the same purchasing channels and promotional policies. However, due to different levels of sales, the price reduction space may be slightly smaller. As for the after-sales service part, the manufacturer will definitely require it to meet the level of service requirements. Under normal circumstances, maintenance services are not a problem, except for special circumstances where the waiting time for parts may be slightly longer. Chain operation is divided into franchising, direct chain operation, and free chain operation. These stores source their vehicles

from 4S stores in the city and do not have settlement or warranty functions. Due to the low sales volume, there are also a large variety of products sold. The first reason is that the economic development level was not high enough before, and potential customers were not enough to support the pre-sales sales of 4S stores. Without pre-sales, there would be no after-sales service. The second issue is brand awareness, where the selling points of general brands are not clear enough, and residents have a simpler concept of cars. Many times, it's just a selling point that adds icing on the cake for the sales consultant after arriving at the store, and the brand is the core that customers focus on. There is no difference in big logic. Functions are the same. The manufacturer's self inspection process is the same. More differences lie in specific directions. The automobile industry in Henan Province has a good foundation for development. We need to seize the strategic opportunities of automobile industry transformation and the policy opportunities of promoting automobile consumption by the country, give full play to our advantages, take the initiative, grasp the development trends of new energy and intelligence, enhance innovation capabilities, improve industrial supporting facilities, extend the industrial chain, optimize product structure, expand market share, and cultivate new competitive advantages. We need to enhance government service awareness, strengthen policy support, optimize the business environment, strengthen investment attraction, optimize and strengthen enterprises, and promote the sustainable and healthy development of the automobile industry in Henan Province.

#### **4.2 Research on the Development Prospects of Automotive Aftermarket Enterprises**

According to data released by the Traffic Management Bureau of the Ministry of Public Security as of 2015, the number of motor vehicles in China's aftermarket reached 264 million. China is gradually becoming a major consumer of cars. Becoming the world's second largest car ownership country after the United States, and will surpass the United States to become the world's largest car ownership country. So, the automotive aftermarket, known as the most valuable gold mining industry of the 21st century, a high-value sector that accounts for 65% of the automotive industry's profits, and an ideal gold mining destination that continuously gathers investment happiness, has become a lucrative industry with the most, fastest, and most stable gold mining. In the future, the automotive beauty and maintenance industry will rapidly rise and develop into an emerging pillar industry in China's service industry. The development prospects of the automotive beauty industry are so promising. Deeply implement the spirit of the 19th National Congress of the Communist Party of China, adhere to the fundamental direction of high-quality development, take the promotion of supply side structural reform as the mainline, prioritize the development of new energy and connected vehicles as the upgrading direction of the automobile industry, take Zhengzhou Automobile Industry Base as the main body, take the "three introductions and one expansion" (introducing new energy vehicle enterprises, introducing emerging automobile enterprises, introducing mid to high end new vehicle models, and expanding the advanced production capacity of existing enterprises) as the main path, and enhance the "four advantages" (policy combination, regional market, parts matching, and industrial synergy advantages) as the support, focus on building a first-class domestic automobile industry ecosystem, accelerate the construction of an important national new energy and connected vehicle research and development and production base, and promote application pilot zone. However, the current situation of the automotive beauty industry is that the market is very large and many people do not know how to do it. "A piece of cloth and a bucket of water, three assistants and one shop" once became a true portrayal of the automotive beauty and maintenance market. Black, dirty, and messy are also common words used by consumers to describe automotive beauty and maintenance shops.

#### **4.3 Standardize market management**

On November 28th, the People's Government of Henan Province issued the "Three Year Action Plan for the Development of New Energy and Connected Vehicles in Henan Province (2018-2020)", proposing to strive to introduce several new vehicle enterprises by 2020, with the province's new energy vehicle production capacity reaching 300000 vehicles, driving the vehicle production capacity to exceed 2.5 million vehicles, the proportion of new connected vehicles reaching 50%, the local matching rate of automotive parts reaching over 60%, the basic improvement of charging facilities network in key areas, the launch and operation of intelligent connected vehicle test demonstration zones, accelerate the formation of a new industrial ecology, and build Zhengzhou's 500 billion level automotive industry cluster and several new energy vehicle and parts industry clusters with important influence nationwide. The high profits of the industry and the imperfect management of national laws have led some people to find good opportunities to make money by exploiting loopholes. The endless variety of beauty and maintenance products have also led to the development of the industry becoming irregular. Because most of them can't do it, the market is also full of all kinds of car beauty care shops, large and small, with "no professional

formal training", "no professional brand products", "no professional mechanical equipment", "no service quality assurance". Internet plus has entered into traditional enterprises, with transparent information, diversified choices, all kinds of money burning data, and no bottom line to lower the customer price, leading to a sharp decline in store output value. Bankruptcy, closure, and transfer have become the norm. Based on backbone enterprises and research and development institutions in Zhengzhou, Luoyang, Xinxiang, Jiaozuo, Xuchang, Zhumadian and other places, accelerate the technological progress of battery positive and negative electrodes, separators, electrolytes, battery management systems, etc., strengthen the technological research and development of high-strength, lightweight, high safety, low-cost, and long-life lithium batteries, sodium batteries, and fuel cell systems, accelerate the research and industrialization of key battery materials such as graphene negative electrodes and nano silicon negative electrodes, as well as solid-state power batteries and lithium sulfur batteries; Promote the construction of Zhengzhou Evergrande Power Battery and other projects, support the transformation and upgrading of power battery enterprises, and strive to achieve a power battery output of 50GWh by 2025, forming a billion level power battery industry cluster.

#### **4.4 Promoting Chain Operations**

Everyone blames trends and the Internet for this failure, but is it true? With the continuous improvement of consumers' awareness of "loving and maintaining cars" and the significant increase in disposable income, people have begun to notice that the cars they drive are like clothes on their bodies, a symbol of their identity, status, and cultural taste. More and more car owners are paying more attention to the daily maintenance of their vehicles, no longer waiting for them to go to repair shops or 4S stores for major repairs after they are damaged. Accelerate the construction of innovative mechanisms for the integration of upstream and downstream industries, as well as large, medium, and small enterprises in the industrial chain, and promote the establishment of industrial research institutes, innovation alliances, and innovation consortia. Actively establish national and provincial manufacturing innovation centers, enterprise technology centers, technology innovation centers, engineering technology (research) centers in the fields of intelligent connected vehicles, automotive powertrains, intelligent charging systems, fuel cell vehicles, etc., and accelerate the improvement of independent innovation capabilities of vehicle and major component enterprises. The new concept of "70% maintenance, 30% repair" for car maintenance has been accepted by more consumers. People not only demand cars to be "easy to operate", but also "beautiful to operate". Therefore, regular car beauty care is becoming an important part of the automotive aftermarket service consumption. As a service industry, the core of profitability is high-quality service. Any behavior that abandons service quality and makes money quickly is deceiving consumers. Ultimately, it is the result of one's own impatience and greed. There is no such thing as a free lunch, and no one has an obligation to bring benefits to you. Calm down and recognize the situation carefully. Managing your employees well, reducing turnover, using the right products, and providing attentive service are the long-term solutions. The aftermarket information of Henan automobiles can be divided into two types: pre-sales and after-sales. Pre sales refers to all the information carried by the product itself in the early stage of sales, which is also a prerequisite for product quality assurance; After sales refers to the information of a product after sales, which is influenced by various external factors such as usage, maintenance, and transportation. These are all factors that affect the quality of the product in the later stage and usually play a decisive role. If the information in Henan's automotive aftermarket is effectively integrated and easily accessible, it can bring great convenience to its later use, maintenance, and management, while also ensuring the interests of all parties involved. By 2022, we will strive to introduce several new vehicle enterprises, with the province's new energy vehicle production capacity reaching 300000 units, driving the vehicle production capacity to exceed 2.5 million units. The proportion of new connected vehicles will reach 50%, and the local matching rate of automotive parts will exceed 60%. The charging facility network in key areas will be basically completed, and the intelligent connected vehicle test demonstration zone will be launched and put into operation. The formation of a new industrial ecology will be accelerated, and Zhengzhou's 500 billion level automotive industry cluster and several new energy vehicle and parts industry clusters with important influence nationwide will be built.

## **5. CONCLUSION**

In summary, the development trend of the automotive aftermarket needs to be integrated with the existing operational characteristics of the automotive industry, bringing considerable market opportunities and challenges to the automotive aftermarket. Therefore, by grasping the pulse of the market, combining with market dynamics, and conducting further in-depth research, the commercial scale and lifeline of the automotive aftermarket require planned and deployed operators with strategic vision to conduct comprehensive consideration and analysis, reflecting the comprehensive development trend of their own brand image and brand value in market competition.

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