

Report On

**"Impact of Locally Assembled Cars on the Brand-New
Vehicle Market of Bangladesh"**

By

Md. Erfan Billah

21304110

An internship report submitted to the Brac Business School in partial fulfillment of the
requirements for the degree of
Bachelor of Business Administration

BRAC Business School

BRAC University

September, 2025

© 2025. Brac University

All rights reserved.

Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

Md. Erfan Billah

21304110

Brac Business School

Brac University

Supervisor's Full Name & Signature:

Takmilla Tabassum

Lecturer

BRAC Business School

Brac University

Letter of Transmittal

Takmilla Tabassum

Lecturer

BRAC Business School

BRAC University

Kha-224 Merul Badda, Dhaka-1212

Subject: Submission of Internship Report on “**Impact of Locally Assembled Cars on the Brand-New Vehicle Market of Bangladesh.**”

Ma’am,

With due respect, I am pleased to submit my internship report for the Summer 2024 semester, titled “*Impact of LocaCars on the Brand-New Vehicle Market of Bangladesh*”

The report reflects the insights I gained during my internship at DHS Motors Ltd., where I explored the challenges faced by Honda Bangladesh in competing within a highly price-sensitive automobile market. It also discusses consumer behavior, market dynamics, and possible strategic recommendations for the company.

I sincerely thank you for your guidance, support, and valuable suggestions throughout the preparation of this report. Please let me know if you require any further information or clarification.

Sincerely yours,

Md. Erfan Billah

ID: 21304110

BRAC Business School

BRAC University

September 30, 2024

Non-Disclosure Agreement

This agreement is made and entered into by and between Honda Bangladesh- DHS Motors Ltd. and the undersigned student at Brac University.

As an intern, I understand and agree that any and all proprietary and sensitive information revealed to me while I'm working with the company is confidential. I thus pledge to keep such information private and not to divulge it to anybody else without the Company's prior written authorization. Once my internship with the company comes to an end, I will still be obligated to fulfill this duty.

Student's Full Name & Signature:

Md. Erfan Billah
21304110
Brac Business School
Brac University

Supervisor's Full Name & Signature:

MD Arman Rashid
General Manager
Honda Bangladesh (DHS Motors Ltd)

Acknowledgement

I would like to express my sincere gratitude towards Ms. Takmilla Tabassum, my faculty advisor, who was gracious enough to allow me to complete this report under her esteemed supervision. Without her guidance and feedback, producing and presenting this report would have been impossible.

I am also grateful to Honda Bangladesh - DHS Motors Limited and its employees therein, who have been nothing but helpful and welcoming, open to providing information or data as needed, and general guidance. Their welcoming nature helped me adjust quickly to a new environment and gave me the opportunity to grow.

Additionally, I would like to express my gratitude to Mr. Arman Rashid, General Manager at DHS Motors Limited. He provided me with the tools and ideas necessary to make this report into a reality, and has been an overall guiding figure in my professional career to date.

Finally, I would like to express my gratitude to all who responded to my various queries regarding the industry.

Executive Summary

Bangladesh's automobile market has traditionally been dominated by reconditioned Japanese cars, as the import duty structure makes them significantly cheaper than brand new cars. However, this has been changing recently as more and more people move towards brand-new official vehicles. However, in the market of brand-new vehicles, a major shift has occurred over the past three years. The rise of locally assembled vehicles, or KD vehicles, has taken over the market, with brands like Hyundai, Mitsubishi and Proton gaining considerable market share due to reduced prices made possible by KD assembly. Government policies regarding such, such as lower duty rates, tax reductions, etc., further incentivizes brands to shift to KD assembly.

The study employs both qualitative analysis using interviews with industry insiders, and quantitative analysis using BRTA registration data (2019–2025). The findings reveal a steady rise in KD vehicle sales in the brand-new segment, with Hyundai and Mitsubishi emerging as market leaders. However, holistic market analysis shows that it is not KD itself, but the price advantage created by KD that is causing more customers to lean in this direction. That being said, KD assembly is the method by which most price reductions are made possible.

DHS Motors Limited, as the official distributor of Honda and GAC in Bangladesh, faces several strategic challenges in a highly price-sensitive market, leading to a reduction in market share. The report recommends that DHS enter into KD assembly for all three brands under the DHS umbrella. With access to the Rancon Group's facilities, namely the automobile assembly factory at Rancon Auto Industries Limited, DHS is well-positioned to enter the KD space and regain market relevance. Overall, the conclusion of the report is that KD assembly is the future of the Bangladeshi automotive industry.

Table of Contents

Executive Summary.....	6
Table of Contents.....	7
List of Figures.....	9
List of Acronyms.....	10
Chapter 1: Overview of Internship.....	11
1.1. Student Information.....	11
1.2. Internship Information.....	11
1.2.1. Period, Name, Department, Address.....	11
1.2.2. Supervisor's Information (Company).....	12
1.2.3. Job Responsibilities.....	12
1.3. Internship Outcome.....	12
1.3.1. Contribution of Student.....	12
1.3.2. Benefits to Student.....	12
1.3.3. Difficulties.....	14
1.3.4. Recommendations.....	14
Chapter 2: Organizational Overview.....	15
Overview of the Company.....	15
2.1. Introduction to Honda Motor Company (Global).....	15
2.2. DHS Motors Ltd. - Exclusive Distributor of Honda Cars in Bangladesh.....	17
2.2.1. Brand-New Competitors.....	18
2.2.2. Locally Assembled (KD) Competitors.....	19
2.3. Global Business Structure of Honda.....	19
2.3.1. Organizational Structure of DHS Motors Limited.....	20
2.4. Management Practices.....	22
2.4.1. Leadership Style:.....	22
2.4.2. Recruitment and Selection:.....	22
2.4.3. Compensation System:.....	22
2.4.4. Training and Development:.....	22
2.4.5. Performance Appraisal:.....	22
2.5. Marketing Practices.....	23
2.5.1. Marketing Strategy:.....	23
2.5.2. STP:.....	23
2.5.3. Marketing Channels.....	25
2.5.4. Product and Competitive Practices.....	25
2.5.5. Branding Activities.....	25
2.5.6. Advertising and Promotion Strategies.....	25
2.5.7. Critical Marketing Issues and Gaps.....	26
2.6. Financial Performance and Accounting Practices.....	26
2.6.1. Finance Performance.....	26

2.6.2. Accounting Practices.....	26
2.7. Operations Management and Information System Practices.....	27
2.8. Industry and Competitive Analysis:.....	27
2.8.1. Porter’s Five Forces Analysis.....	27
2.8.2. SWOT Analysis of DHS Motors Limited.....	28
2.9. Summary:.....	29
2.10. Conclusion:.....	30
2.11. Recommendations and Implications:.....	30
Chapter 3: Project Part.....	31
3.1. Introduction.....	31
3.2. Research Gap.....	31
3.3. Background of the Study.....	32
3.4. Objective of the Study.....	32
3.5. Scope of the Study.....	33
3.6. Literature Review.....	33
3.7. Methodology:.....	35
3.7.1. Design of the Study.....	35
3.7.2. Sample Design and Size.....	35
3.7.3. Data Collection Method.....	35
3.7.4. Ethical Considerations.....	36
3.8. Findings.....	37
3.8.1. Insights from Interviews.....	37
3.9. Data Analysis Methods.....	38
3.9.1. Quantitative Data.....	38
3.9.2. Qualitative Data.....	38
3.10. Analysis.....	39
3.10.1. Overall Market.....	39
3.10.2. Entire Brand-New Segment.....	40
3.10.3. Brand-Wise Analysis.....	41
3.10.4. Selling Price Comparison.....	44
3.10.5. Mid-Size SUV Segment.....	45
3.10.6. Compact SUV Segment.....	45
3.11. Ethical Considerations.....	45
3.12. Neighbouring Country Policies & Impact.....	46
3.12.1. Pakistan.....	46
3.12.2. Malaysia.....	47
3.13. Recommendations for DHS Motors Limited.....	48
References.....	49
Appendix.....	52

List of Figures

Figure No.	Title
Figure 1	Global Business Structure of Honda
Figure 2	Organogram of DHS Motors Limited
Figure 3	Overall Brand-New Car Sales
Figure 4	Market Share of Locally Assembled Automobiles in the Brand-New Segment
Figure 5	Brand-New Car Sales by Brand, 2023
Figure 6	Brand-New Car Sales by Brand, 2024
Figure 7	Brand-Wise Market Share, 12-month rolling average

List of Acronyms

ADP	Automotive Development Policy
AIDEP	Automotive Industry Development and Export Plan
BDT	Bangladeshi Taka
BRTA	Bangladesh Road Transport Authority
CBU	Completely Built-Up
CKD	Completely Knocked-Down
EV	Electric Vehicle
FDI	Foreign Direct Investment
FY	Fiscal Year
GM	General Manager
KD	Knocked-Down
MSRP	Manufacturer's Suggested Retail Price
OEM	Original Equipment Manufacturer
RAIL	Rancon Auto Industries Limited
R&D	Research and Development
SKD	Semi Knocked-Down
SUV	Sport-Utility Vehicle

Chapter 1: Overview of Internship

1.1. Student Information

Name: Md. Erfan Billah

Student ID: 21304110

Programme: Bachelor of Business Administration

Major - Marketing

Minor – Human Resource Management

Department: BRAC Business School

Session- 2021-2025

1.2. Internship Information

1.2.1. Period, Name, Department, Address

Period: 12 Weeks (15 June 2025 - 4 September 2025)

Company Name: Honda Bangladesh - DHS Motors Ltd.

Function: Recruitment & Selection Process

Department: Marketing

Corporate Head Office Address: Rangs Babylonia, 246 Tejgaon Industrial Area, Bir Uttam
Mir Shawkat Sarak, Dhaka-1208, Bangladesh

1.2.2. Supervisor's Information (Company)

Name: Md Arman Rashid

Designation: General Manager

1.2.3. Job Responsibilities

My experience in DHS Motors Limited as a sales and marketing intern was practical in the sense that I assisted the sales team in customer enquiries and showroom demonstrations, provided support to the crew in making detailed product presentations, and talking with potential customers to understand what they really need. I conducted quite a number of unofficial interviews and brief surveys to check on consumer preferences and the number of the people who were price-sensitive. Besides that I worked at the marketing department with market research, competition analysis and assisted in writing copies. The internship also provided me with the opportunity to shadow and take notes on the entire workflow- such as after-sales service and product showcase mechanism. Price structure analysis, financing choices and client reviews were a considerable portion of my work, which contributed to reports that might actually assist the business to make wiser choices.

1.3. Internship Outcome

1.3.1. Contribution of Student

I contributed to the organization by providing customer preferences and market research insights, assisting in data collection for pricing and sales analysis, and supporting the team in reporting on competitive positions. I studied consumer price sensitivity and preferences between CBU and CKD units and gave us practical recommendations to improve marketing and sales work.

1.3.2. Benefits to Student

The internship increased my understanding of business operations in a prime automobile market with special reference to pricing strategy, the sales process, and consumer behavior in a

developing country. I got practical knowledge of market research, data analysis, and business correspondence. At Honda Bangladesh, the internship actually bridged the gap between my theoretical learning and everyday life knowledge.

During my work placement at DHS Motors Limited, I have gained critical experience and skills to work not only in the automotive industry, but also gained knowledge and experience regarding corporate culture and working in a corporate environment as well. Listed below is a summary of learning experiences from my tenure at this organization:

- Elevated my skills in Microsoft Excel and PowerPoint, and practiced them in a professional setting.
- Learned proper formatting and management of data, analysis, as well as presentation.
- Learned about the OEM importing and manufacturing processes in Bangladesh.
- Gained experience in working with and coordinating with external vendors to plan events.
- Greatly improved my interpersonal skills and cultural understanding through interactions with foreign principals.
- Gained hands-on experience in data analysis, helping me give suggestions to the team.
- Greatly improved my time and workload management skills.
- By balancing many duties, I greatly improved my organizational skills.
- Improved my punctuality.

Overall, my work placement was very effective in allowing me to utilize my existing skills. It allowed me to improve and enhance my already existing skills, and to gain new skills that will serve me well both in this position and in the corporate world as a whole. My experience working at an international level with foreign principals will also enhance my current and future career prospects. This experience was also eye-opening with regard to my personal and professional weaknesses and shortcomings. I gained valuable feedback to improve on my mistakes and shortcomings, and seek to integrate them into my life and career to further boost my prospects.

1.3.3. Difficulties

Some difficulties encountered during the internship where access to confidential sales information was limited, and market conditions were highly competitive. Technical specifications of vehicles proved difficult to understand. Moreover, the patience required in surveying consumers was very great, as respondents were often reluctant to disclose their personal preferences for different car parts.

1.3.4. Recommendations

For future marketing interns in the DHS Motors Limited, I will recommend that they approach their work with lessons, so as to maximize their contribution and learning. Working with the sales and marketing teams closely enables the interns to understand the intricacies that surround customer exposure and the real issues that clientside sales and marketing teams face in the field. Competencies related to market research and data analysis must also be developed, thus making the interns provide actionable information on which strategic decisions can be based.

Additionally, gaining familiarity with the technicalities of vehicles will enhance the ability of interns to interact with their clients and to use marketing messages accordingly. The balance between the observational learning and the involvement in the departmental work makes the experience holistic and allows interns to value the working processes and make significant contributions. This moderate approach will enable the future interns to contribute some significant value and to contribute to the holistic exposure in the competitive world of automotive marketing.

Chapter 2: Organizational Overview

Overview of the Company

2.1. Introduction to Honda Motor Company (Global)

Honda Motor Company Limited was founded in 1948 by Soichiro Honda and Takeo Fujisawa in Hamamatsu, Japan. By 1959, Honda became the world's largest motorcycle manufacturer. In 1963, Honda also entered the four-wheeler market and began their global expansion. Since then, Honda has developed into one of the world's leaders in the automotive industry. They remain, to this day, the world's largest motorcycle manufacturer. They are also in the top 10 for passenger vehicle production worldwide, and the largest producer by volume of internal combustion engines in the world. Honda is renowned for their innovation, fuel efficiency, and excellent engineering quality (Honda, 2020).



Key Milestones of the Organization

- **Building Blocks & Surviving the War:** Tokai Seiki was founded by Soichiro Honda in 1937 to produce piston rings for use by the Japanese monolith, Toyota. During this time, Honda created a unique automated process for this production, which could also be used by unskilled workers, yet still meet the standards set by Toyota. During the Second World War, Honda was relegated from his role as president of Tokai Seiki due to Toyota buying out 40% of the organization. During this time, the organization was used to produce parts

for warplane propellers. In 1944 and 1945, two major Tokai Seiki production facilities were destroyed by Allied firebombing and an earthquake, respectively. Honda managed to salvage what was left of Tokai Seiki and fully sell it to Toyota, using the procured funds to create the Honda Technical Research Institute.

- **First Foray into Production:** With a workforce of just 12 men working out of a shed, the Honda Technical Research Institute began producing motorized bicycles using war surplus 50cc motors. However, the supply of these engines ran out quickly, forcing Honda to create its own engine, the Honda A-Type. In 1949, the Honda Technical Research Institute was liquidated, and the Honda Motor Company was founded in its place.
- **Success with Motorcycle Production:** In 1949, the Dream D-Type motorcycle was launched, Honda's first project where both the frame and the engine were built by Honda. This motorcycle received both praise and criticism, but it was supplanted by the Honda E-Type in 1951, which was far better received, and launched Honda into mainstream popularity.
- **The Super Cub and the Largest Manufacturer in the World:** In 1958, Honda released the Honda Super Cub. While it met initial resistance from customers, it soon became one of the most popular and influential motorcycles ever made. The popularity of the Super Cub, both domestically and when exported internationally, drove Honda to newer and newer heights, and within merely a year, they were the largest motorcycle manufacturer in the world, a position they still hold. The Super Cub itself is the most popular production motor vehicle of all time, with over 100 million units sold by 2017. The popularity of the Super Cub holds to this day, and more modern variants of it are actively being released to the market.
- **Entry into the Automobile Industry and Global Expansion:** Within two months in 1963, Honda produced the T360 mini pickup truck, a very popular type of vehicle in Japan, and the S500 sports car. These cars were fairly popular as well, and within the decade, Honda had started global expansion, starting with their first subsidiary, American Honda Motor Company, in the USA. Product lines, exports, and production of Honda vehicles were gradually globalized over the next 20 years. Introduction of the successful Acura luxury sub-brand in 1986 further drove global expansion.

- **Adaptation to Changing Markets:** In the 1990s, customers worldwide suddenly began to shift away from smaller sedan-type vehicles to larger and more rugged SUVs. This greatly threatened Honda's existence, as it had no products of this nature to offer to the market. They adapted quickly by producing the Honda Odyssey and Honda CR-V, two extremely popular models to this day, getting back on track and out of serious financial risk.
- **Modern Era and Strategic Partnerships:** Since the shock of the early 90s, Honda has remained stable for the next two decades. During this time, Honda has continued globalization of their activities, entering strategic partnerships with the likes of GAC in China, Sony, General Motors, etc., and is currently looking into the future through research and development into Electric Vehicle (EV) and hydrogen fuel cell technology (Honda, 2020).

2.2. DHS Motors Ltd. - Exclusive Distributor of Honda Cars in Bangladesh

DHS Motors Limited is the official distributor of Honda automobiles in Bangladesh. Established in 1994, it has since become synonymous with Honda in Bangladesh. DHS Motors provides a range of vehicles suited to the Bangladesh market and possesses a Honda-certified world-class after-sales service network and spare parts network. It has been one of the pivotal names in the adoption of brand-new imported vehicles in the country as opposed to reconditioned vehicles (DHS Motors Limited, 2024). Honda ended the year 2024 as the 4th largest brand-new consumer vehicle brand in Bangladesh, and in 2nd place in the reconditioned vehicle market.



But Honda isn't the only brand offered by DHS. Sister concern DHS Autos Limited entered the market with Chinese automotive giants Changan in 2023, which has also gained moderate popularity in the Bangladeshi market, becoming the second largest Chinese automobile brand in the country. In addition, DHS Autos has also introduced Changan's sister brand Deepal in 2025, a range of luxury electric vehicles (EVs) (Roy, 2025). DHS has also collaborated with the Rancon Group, and EV charging partners ChargeEasy and Crack Platoon to create a robust nationwide network of 18 public EV charging stations, with a further 7 on the way shortly. These moves strengthen DHS' commitment to an electrified future of transportation in Bangladesh (Press Release, 2025).

DHS Motors itself is not limited to Honda vehicles. In May 2025, DHS Motors added the Chinese premium brand GAC to its portfolio. GAC, who are the production partners of Honda passenger vehicles in China, marks DHS' entry into the low-budget Chinese segment of the market, which has gained great popularity over the past couple of years (Business Desk, 2025).

On top of all these offerings, DHS is also looking to add KD vehicles of their own, and is currently in active negotiations with Honda, Changan, and GAC to begin KD production in Bangladesh to tap into this ever-growing and highly competitive market.

The competition faced by DHS Motors Limited whilst operating in the automobile market of Bangladesh is three-fold: from fellow brand-new importers, from the reconditioned dealers, and distributors of locally manufactured cars.

2.2.1. Brand-New Competitors

- **Navana Motors Ltd.** is one of the biggest competitors for DHS Motors Limited in this segment. As the official distributors of the Japanese giant Toyota, they are a major player in the market and have a great public opinion due to decades of exposure to Toyota.
- **Asian Motorspex Ltd.** is one of the more recent arrivals to the Bangladeshi market. Official distributors of the Chinese brand Chery, they have gained rapid popularity and have quickly gathered steam in the market due to their price advantage. At present, Chery is the 3rd largest passenger automobile brand in Bangladesh by sales volume.
- **Millennium Motors Ltd.** represents another Japanese giant, Nissan, in Bangladesh, and is also a competitor to DHS Motors in the market.

2.2.2. Locally Assembled (KD) Competitors

- **Rangs Limited** is one of the biggest players in the Bangladeshi brand-new automobile segment, as official assemblers and distributors of another fellow Japanese brand Mitsubishi. Mitsubishi is the second largest passenger automobile brand in Bangladesh and are on track to regain their place atop the ladder within the next few years through the introduction of new budget SUV Mitsubishi Xpander.
- **Rancon Cars Limited** have made their foray into the assembly industry through the beginning assembly of Malaysian brand Proton, who occupy similar market segments as Honda and GAC. Their first locally assembled Proton model, the Proton X70, has hit the market in 2025 and is likely to become a big player in the market as well.
- **Fair Technologies Ltd.** has quickly gained significant market traction by introducing locally assembled Hyundai models into the market. Despite initially beginning their activities in 2022, Hyundai is now the largest passenger automobile brand in Bangladesh (Rahman, 2022).

Additionally, reconditioned dealers are the biggest competitors to anyone in the Bangladeshi automobile market, as reconditioned cars still make up the vast majority of automobile sales in Bangladesh, coming in at over 82% in 2024. Dealers such as Haque's Bay, HNS Automobiles, Auto Museum, Car House, etc., pose a big threat to any dealer due to the significantly cheaper costs of reconditioned cars, which is a massive advantage in a price-sensitive market such as Bangladesh (LightCastle Analytics Wing, 2021).

2.3. Global Business Structure of Honda

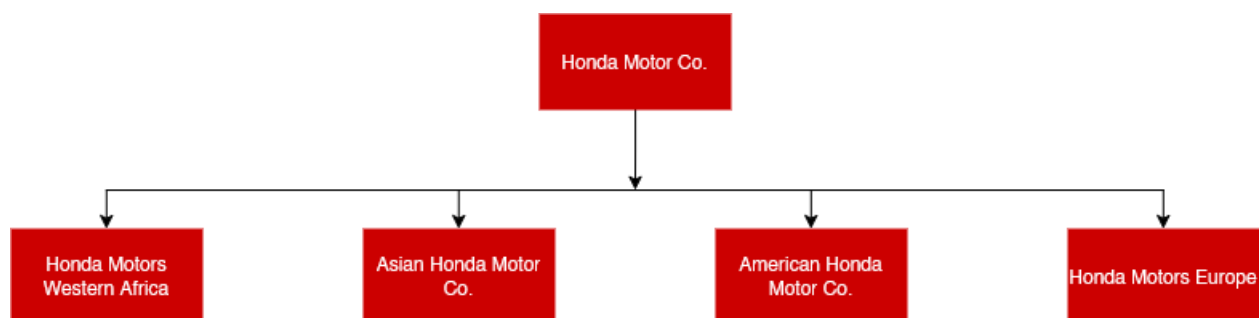


Figure 1: Global Business Structure of Honda

Honda Motor Co. operates in a branch-like structure. The head office in Tochigi, Japan, is responsible for global management, corporate governance, R&D, etc. There are several global offices as well. The major offices are:

- **Honda Motors Western Africa:** Headquartered in Lagos, Nigeria. Responsible for manufacturing and distribution in the Western Africa region.
- **Asian Honda Motor Co.:** Headquartered in Bangkok, Thailand, Asian Honda is responsible for Honda manufacturing and distribution in South and Southeast Asia. Bangladesh is one of the countries under the purview of Asian Honda Motor Co.
- **American Honda Motor Co.:** Headquartered in California, USA. Operates several manufacturing plants in the U.S., Canada, and Mexico. Primarily responsible for the Acura luxury sub-brand.
- **Honda Motors Europe:** Headquartered in the UK. Oversees manufacturing and distribution activities across Europe (Autocar Professional Bureau, 2015).

2.3.1. Organizational Structure of DHS Motors Limited

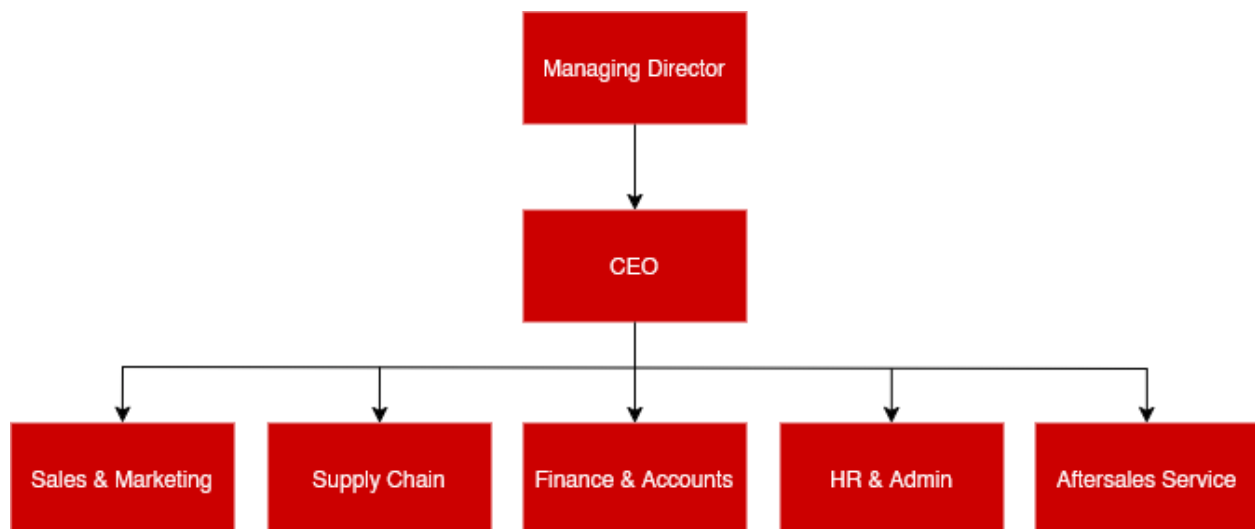


Figure 2: Organogram of DHS Motors Limited

DHS Motors Limited operates in a department-based structure, with five major departments. Each department further has several functions it performs.

Sales: The sales team consists of several salesmen who work at the DHS Motors showrooms, which are the faces that represent the organization to the customers. They are tasked with enticing customers to purchase DHS products. Additionally, DHS also has some salesmen who work with the government instead of the regular customer, having responsibilities such as attending to and accepting tenders, government orders, and handling queries thereof. The showroom coordinators are tasked with distributing the roster to the sales team.

Marketing: The marketing team at DHS Motors is highly concerned with ensuring that the Honda brand still looks fresh. They advertise the brand on social media, organize brand events, and do billboard advertising to ensure that the brand remains visible. They also implement influencer marketing as a way of targeting younger audiences. All this creates buzz and markets products that facilitate sales and this keeps fans interested and active.

Supply Chain: The supply chain department is responsible for actually purchasing and importing the vehicles. Procurement of vehicles and spare parts is a crucial function here, as is the actual logistics of bringing in said vehicles and spare parts. Managing inventory of vehicles in stock, at port, and in transit, as well as inventory of spare parts, is another critical function of this department. CRM functions also fall under the purview of this department, as does warranty management.

Finance and Accounts: The finance and accounts team is in charge of auditing and collections, cash and vendor management, handling of matters regarding VAT and taxes, and payroll disbursement.

Aftersales Service: The Honda-certified aftersales service department comprises the service advisors, who serve as the interface between a customer seeking service and the technical team performing the service, job controllers, who manage the technical team, assign them work, etc. Additionally, the technical team comprises three further sub-departments: body section, general repairs, and dent & paint.

These departments work harmoniously to ensure the overall success of DHS' day-to-day activities.

2.4. Management Practices

2.4.1. Leadership Style:

.In DHS Motors Limited, the leadership style mixes mainly in participative and autocratic approach. While participating management encourages the employee

Participation, thought sharing and collaborative problem solutions, the organization adopts Autocratic style in specific situations that require quick decisions and fixed control. This method helps DHS Motors to achieve their business goals effectively with an inspired workforce.

2.4.2. Recruitment and Selection:

DHS Motors follows a systematic recruitment and selection Process directed Claim. Recruitment channels include formal job settings and internal referral. Candidates faces a series of interviews and reviews to ensure perfect fit for different roles in the department. Emphasis is placed on technical skills, cultural fit and evaluation of customer service orientation to create a competent and dedicated team.

2.4.3. Compensation System:

The company provides a competitive compensation package designed to motivate employees and retain talent. Compensation includes basic salary, performance incentives, and other benefits aligned with industry standards, ensuring employee satisfaction and productivity.

2.4.4. Training and Development:

DHS Motors invests in continuous training programs about skills growth, product knowledge, customer management and moral business practices. These initiatives prepare employees to meet market requirements and maintain high service. The standard, which supports organizational development.

2.4.5. Performance Appraisal:

The performance appraisal system at DHS Motors is structured provide regular, purpose reaction to employees. This system supports the development of careers and The company adjusts individual goals with strategic purposes, promotes a high performance culture in the organization.

2.5. Marketing Practices

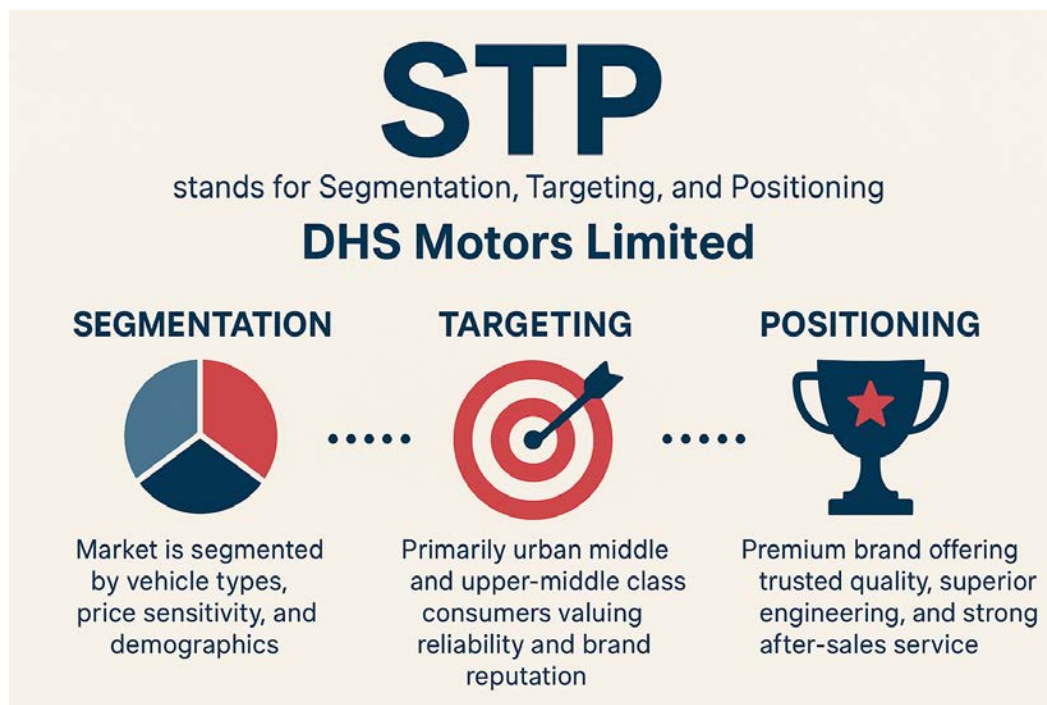
DHS Motors Limited employs a comprehensive and strategic marketing approach to promote the Honda brand and its other product lines in the highly competitive Bangladeshi automobile market.

2.5.1. Marketing Strategy:

The marketing strategy at DHS Motors is centered on building and sustaining a premium brand image while expanding reach across diverse customer segments. This involves a combination of traditional and digital marketing channels to ensure maximum visibility and engagement. The strategy balances Honda's established reputation for reliability and innovation with the need to attract price-sensitive consumers through the inclusion of affordable Chinese brands like GAC and Changan.

2.5.2. STP:

STP stands for Segmentation, Targeting, and Positioning, which is a critical part of marketing strategy.



For DHS Motors Limited, the STP approach can be described as follows:

- **Segmentation:** The market for automobiles in Bangladesh is segmented primarily by vehicle type, price sensitivity, and consumer demographics. There are segments for brand-new vehicles versus reconditioned vehicles, alongside segments for SUVs, sedans, and compact cars. Customers are also segmented by income levels and urban vs. rural residence, with more affluent, urban middle and upper-middle class consumers favoring premium and imported models.
- **Targeting:** DHS Motors primarily targets the urban middle to upper-middle class population in Bangladesh who value reliability, brand reputation, and after-sales service, focusing on customers looking for premium Japanese vehicles such as Honda as well as growing segments in electric vehicles and mid-range SUVs. With the inclusion of brands like GAC and Changan, DHS also increasingly targets price-sensitive customers seeking quality yet affordable Chinese vehicles.
- **Positioning:** DHS Motors positions its products on the pillars of brand trust, superior engineering quality from Honda, and excellent after-sales support—a combination aimed at providing “joy of buying, selling, and creating.” By emphasizing the brand legacy of Honda and expanding its electric vehicle offerings, DHS aims to maintain a premium and innovation-led position in the market while expanding accessibility through locally assembled vehicles for the price-conscious segment.

This STP strategy helps DHS Motors balance its traditional appeal with competitive pressures by adapting offerings to meet diverse customer needs in a dynamic market.

For DHS Motors Limited:

- The market is segmented by vehicle types (such as SUVs, sedans), price sensitivity, and demographics (urban middle to upper-middle class customers).
- DHS targets primarily urban middle and upper-middle class consumers valuing reliability and brand reputation, especially those seeking premium Japanese vehicles like Honda. They also cater to price-conscious buyers through brands like GAC and Changan.
- The company positions itself as a premium brand offering trusted quality, superior engineering, and strong after-sales service, emphasizing the "joy" aspects of buying and owning a Honda vehicle.

This approach allows DHS to cater to diverse customer needs and maintain competitiveness in a shifting market.

2.5.3. Marketing Channels

DHS Motors uses a diversified mix of channels for product promotion. Traditional advertising methods include billboards strategically located across Dhaka and broadcast media campaigns, leveraging broad reach and repeated brand exposure. The digital media strategy is robust, featuring social media campaigns on platforms such as Facebook, Instagram, and YouTube. Collaborations with automotive influencers and enthusiasts provide authentic product reviews that resonate well with younger demographics. Additionally, the company employs influential brand ambassadors, such as Zohad from Nemesis, to enhance brand appeal and trust.

2.5.4. Product and Competitive Practices

The company actively promotes a broad portfolio that includes classic Honda models alongside newly introduced electric vehicles and competitively priced Chinese brands. Ongoing product development efforts focus on integrating cutting-edge automotive technologies and diversifying the range to meet evolving consumer demands. DHS remains vigilant regarding competitive pricing and market trends, particularly the rising prominence of locally assembled (KD) vehicles.

2.5.5. Branding Activities

Maintaining Honda's premium branding is a central priority, achieved through consistent messaging that emphasizes innovation, quality, and customer satisfaction. Corporate branding events and experiential marketing initiatives help strengthen consumer emotional connection and loyalty to the brand.

2.5.6. Advertising and Promotion Strategies

Advertising efforts encompass a blend of offline and online campaigns. Billboard placements and physical brand visibility in urban hubs form the backbone of widespread awareness. Digital promotions exploit the viral potential of social media marketing, influencer endorsements, and interactive content. Sales marketing campaigns prioritize lead generation and conversion, integrating promotional offers and customer engagement activities.

2.5.7. Critical Marketing Issues and Gaps

Despite strong marketing efforts, DHS Motors faces significant challenges due to market price sensitivity and intensifying competition from locally assembled vehicles that offer lower prices. Bridging the perceived value gap between premium Honda products and more affordable alternatives remains critical. Continuous innovation in marketing strategies, expanded financing options, and further strengthening the after-sales network are necessary to maintain brand leadership.

2.6. Financial Performance and Accounting Practices

2.6.1. Finance Performance

An analysis of financial performance typically involves examining key indicators such as liquidity, solvency, efficiency, profitability, leverage, and market value. Common techniques include ratio analysis covering current ratios, debt-to-equity ratios, return on assets, and profit margins, along with horizontal and vertical analysis to evaluate trends over multiple years. Advanced frameworks, such as DuPont analysis, provide comprehensive insights into the interplay of operational efficiency, asset use, and financial leverage. Additionally, economic value-added (EVA) and market value-added (MVA) calculations can supplement understanding of shareholder value creation. Although this report could not undertake such analyses due to unavailable data, these frameworks serve as critical tools for future assessments based on publicly disclosed financial reports or management-provided data.

2.6.2. Accounting Practices

Organizations like DHS Motors usually follow established accounting principles such as the Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS), ensuring transparent and reliable financial reporting. Companies typically adopt either a cash basis or accrual basis accounting method, with large corporations favoring accrual accounting for accuracy in revenue and expense matching. The accounting cycle from journal entries through ledgers, trial balances, adjustments, and financial statements is fundamental in maintaining proper records. Depreciation methods, such as straight-line or reducing balance, are applied to allocate the cost of long-term assets appropriately over their useful lives. Comprehensive accounting disclosures are necessary to inform stakeholders about financial risks, contingent liabilities, and accounting policies. While specific details on DHS

Motors' accounting cycle, depreciation methods, or disclosures were not accessible, it is reasonable to infer adherence to standards consistent with multinational corporate governance and audit requirements.

2.7. Operations Management and Information System Practices

No details on the operations management structure and information systems at DHS Motors were communicated. Integrated information systems, when used in similar companies, are usually used to manage inventory control, logistics coordination, customer relationship management, and after sales servicing, with an increased efficiency. Also, the use of strict quality-management procedures and systematic scheduling systems is essential in maintaining the standards of service quality and ensuring the customer satisfaction under maximum levels.

2.8. Industry and Competitive Analysis:

2.8.1. Porter's Five Forces Analysis

1. Threat of New Entrants:

The automobile market in Bangladesh is moderately difficult for new entrants due to high capital requirements, brand loyalty to established players like Honda, and government policies favoring local assembly and investments. However, the emergence of new Chinese brands with KD assembly is increasing competitive pressure.

2. Bargaining Power of Suppliers:

DHS depends largely on imports and assembly partners, with supplier power somewhat balanced by relationships with global brands such as Honda, Changan, and GAC. Supplier power increases with limited local component manufacturing and reliance on overseas supply chains.

3. Bargaining Power of Buyers:

Buyers in Bangladesh are very price-sensitive and have numerous options from new imports, KD assembled vehicles, and reconditioned cars. This gives buyers significant bargaining power, forcing companies to price competitively and offer value.

4. Threat of Substitute Products:

Reconditioned cars remain major substitutes due to their affordability, posing ongoing challenge to brand-new vehicle sales. Public transport and ride-sharing also act as indirect substitutes for private vehicle ownership.

5. Industry Rivalry:

Competition is intense among established brands like Honda, Toyota, Hyundai, Mitsubishi, and emerging Chinese brands. KD assembly adoption has intensified rivalry, with brands competing aggressively on pricing, features, and after-sales services.

2.8.2. SWOT Analysis of DHS Motors Limited

Strengths

DHS Motors Limited benefits from its exclusive distributorship of the globally renowned Honda brand in Bangladesh, which lends the company strong brand recognition and customer loyalty. The company boasts a comprehensive after-sales service network and genuine spare parts availability, which enhances customer satisfaction and trust. Its affiliation with Hondas philosophy emphasizing quality, innovation, and respect for individuals, strengthens its corporate culture and customer relationship approach. Furthermore, the diversification of its portfolio to include emerging Chinese automotive brands such as GAC and Changan allows DHS to appeal to a broader customer base, including price-sensitive segments. The company's access to the Rancon Group's assembly facilities positions it well for local assembly operations, an essential factor in future competitiveness.

Weaknesses

Despite its strong brand equity, DHS Motors faces challenges related to its relatively higher pricing compared to locally assembled Knock-Down (KD) vehicles and Chinese competitors. The company's current portfolio has a limited locally assembled product range, often placing it at a price disadvantage in a highly price-sensitive market. DHS Motors' reliance on imports for major product lines exposes it to currency fluctuations and import duty uncertainties, impacting cost structures and pricing flexibility. Additionally, the perception that Honda vehicles do not offer sufficient value at the premium price point has contributed to declining market shares, necessitating strategic adjustments.

Opportunities

The rapidly growing local assembly (KD) market presents a significant opportunity for DHS Motors to expand its presence and regain market share by leveraging local production benefits, including tax incentives and reduced duties. The government's supportive policies for

automobile assembly and electric vehicle adoption provide a favorable environment for diversifying into more affordable and sustainable vehicle segments. DHS's introduction of electric vehicles through the Deepal brand and the partnership with EV charging infrastructure providers aligns with global sustainability trends and positions the company for future market growth. Expanding financing solutions could further enhance customer accessibility and boost sales.

Threats

The primary threats to DHS Motors stem from intense competition in the Bangladeshi automobile market. The dominance of reconditioned vehicles, which constitute the majority of sales due to affordability, continues to challenge new vehicle sales. Growing competition from locally assembled vehicles by brands like Hyundai, Mitsubishi, and Chinese entrants such as Chery exerts pressure on DHS's traditional premium positioning. Market sensitivity to price fluctuations caused by economic instability, foreign exchange volatility, and changes in import duties also threaten profitability. Furthermore, rapid technological changes and shifting consumer preferences require DHS to continuously innovate and adapt to stay competitive.

This analysis suggests that while DHS Motors Limited benefits from strong brand equity and service, it faces significant competitive pressure from KD vehicle assemblers offering lower prices. Entering KD assembly and leveraging electric vehicle growth appear imperative to maintain and enhance market position.

2.9. Summary:

This report provides an overview of Honda Motor Company's global history and milestones, highlighting its rise as a leader in motorcycle and automobile manufacturing. It also examines DHS Motors Limited, the exclusive distributor of Honda cars in Bangladesh, and its expanding portfolio including Chinese brands and electric vehicles. DHS Motors operates through a structured organizational framework with strong brand presence supported by comprehensive marketing and after-sales services. The competitive landscape in Bangladesh is intense, featuring local assemblers, imported brands, and reconditioned vehicle dealers. DHS faces challenges from price-sensitive customers and shifting market dynamics, especially with the rise of locally

assembled vehicles. The report explores DHS's management style, human resource practices, and marketing strategies, emphasizing the importance of adaptability and customer engagement to maintain its market position.

2.10. Conclusion:

DHS Motors Limited is positioned strongly in the Bangladeshi automobile market through its affiliation with Honda and expansion into emerging segments. However, competition from cost-effective locally assembled and reconditioned vehicles is intensifying. To sustain growth, DHS must leverage its brand reputation, enhance value through after-sales service, and actively pursue local assembly (KD production) to remain competitive. The company's mixed leadership style and commitment to employee development support its operational effectiveness. Marketing efforts focusing on brand positioning and customer targeting are crucial in navigating a price-sensitive market. Overall, DHS Motors' ability to innovate and adapt to evolving market conditions will determine its continued success.

2.11. Recommendations and Implications:

To strengthen its position in the evolving Bangladeshi automobile market, DHS Motors Limited should accelerate its transition towards local assembly (KD production) to reduce costs and better compete with locally assembled and Chinese brands. Enhancing after-sales service networks and expanding electric vehicle offerings will cater to growing consumer demand for greener and technologically advanced options. The company should continue investing in digital marketing and influencer partnerships to engage younger, tech-savvy buyers while maintaining the premium brand image of Honda. Furthermore, DHS can collaborate with financial institutions to offer flexible financing solutions, addressing price sensitivity among consumers. These steps will help DHS Motors remain competitive and capitalize on the expected growth of the automotive sector in Bangladesh in the coming years.

Chapter 3: Project Part

3.1. Introduction

The automobile market of Bangladesh is a consistently growing market. As the income of the people of the country increases, so does the demand for luxury products such as cars. Rapid urbanization and infrastructure development are further critical reasons for this development as well. Investment in road travel infrastructure from the government provides further incentives to use cars to go from place to place. The automobile market of Bangladesh is mostly dominated by “reconditioned” Japanese vehicles, used vehicles imported from Japan. However, in recent years, officially imported cars have also begun to gain traction. Brands such as Honda, Toyota, Mitsubishi, Proton, Mercedes, BMW, Audi, etc., all began official operations in Bangladesh over the past decade (LightCastle Analytics Wing, 2021). At present, Korean and Chinese brands are also gaining traction, mostly due to the price advantage they possess over their market competition. One of the major players in the Bangladeshi market is DHS Motors Limited. As the official distributors of the world-famous Japanese brand Honda in Bangladesh, among others, the organization has grown from strength to strength since 2011 (DHS Motors Limited, 2024).

However, in recent years, both the automobile market and DHS Motors have been rocked by the proliferation of local “KD” assembly. Short for knock-down, KD assembly has changed the Bangladeshi automobile market rapidly. Locally assembled cars provide a significant price advantage over imported cars, due to the significantly lower tax and duty rates. As such, brands that provide locally assembled cars such as Hyundai, Mitsubishi, and Proton have taken an iron grip on the market (Rahman, 2022).

3.2. Research Gap

Despite the existing literature offering insights into characteristics and attributes of customer behavior and CBU vs. CKD, there needs to be more focused research on markets in Bangladesh and, above all, Honda Bangladesh. Most of the current studies focus on the general automobile sector or comparative studies that contrast several global marques. Few, however, address the specific problems facing Honda's Bangladeshi distributorship.

Additionally, the biggest concern is “why is there so little research on how Honda Bangladesh can adjust its marketing and pricing strategies to not only compete with the growing popularity of CKD vehicles but also to address the issue of reconditioned cars?” This research intends to fill this gap through an in-depth account of market positioning by Honda Bangladesh and strategies for how it can continue to meet the desires of consumers who are sensitive to price.

3.3. Background of the Study

This topic caught the attention due to how quickly these relatively less popular brands took over the more popular brands like Honda and Toyota, which have had an established reputation in the country for over five decades. I was particularly intrigued by the strategic challenges my own workplace, DHS Motors Limited, faced in the market with these new and strong competitors providing a significant price advantage in a very price-sensitive market such as Bangladesh. I’m also intrigued by the impact KD assembly has had on the overall brand-new car market of Bangladesh. Additionally, I am excited by the opportunity to explore how DHS can compete in such a competitive and regularly evolving market, including introducing KD products of their own. I am also excited to explore what sort of impact KD development would have on the industries of Bangladesh, using other countries of the region, such as Pakistan and Malaysia, as a baseline.

3.4. Objective of the Study

3.4.1. Broad Objective

To assess the impact of KD vehicles on the brand-new automobile market of Bangladesh.

3.4.2. Specific Objectives

- Assessing market data, insider information, and sales trends to judge the overall presence of KD vehicles in the Bangladeshi brand-new car market.
- Adjudicating whether KD vehicles have attained an advantage over traditionally imported CBU vehicles in the market of Bangladesh.
- Analyzing if the sales trend of CBU vehicles trends downward in the face of competition from KD assembled vehicles.

- Evaluating whether KD itself or prices thereof are the reason for the shift in market dynamics.

3.5. Scope of the Study

It is next to impossible to comprehensively judge the factors driving the adoption of KD vehicles in Bangladesh and the overall impact these vehicles have had on the automobile market of Bangladesh. As such, my scope was limited to sales data and market data, and interviews with industry insiders. The 8-week time period is too short to dive deep into such a complex and intricate matter, and as such, a broader analysis of the matter was done as opposed to a more comprehensive examination.

3.6. Literature Review

The automobile market in Bangladesh has undergone significant transformation in the past decade, driven largely by changes in consumer preferences, government policies, and evolving industry dynamics. Traditionally, the Bangladeshi vehicle market was dominated by reconditioned Japanese cars due to their affordability and favorable import duties, which made brand-new vehicles less accessible to the average consumer (LightCastle Analytics Wing, 2021). However, rising incomes, rapid urbanization, and improved infrastructure have increasingly shifted consumer demand toward brand-new vehicles.

Furthermore, behavioral factors such as price sensitivity, brand loyalty, and brand perception significantly shape consumer choices in Bangladesh's automobile market. Price sensitivity remains a dominant trait among Bangladeshi consumers, heavily influencing the shift toward more affordable locally assembled KD vehicles despite the premium quality associated with Honda's CBU models.

Brand loyalty, while strong for established brands like Honda due to their reputation for reliability and after-sales service, is increasingly challenged as emerging Chinese brands offer competitive alternatives at lower prices.

Consumer perception of the Honda brand remains largely positive, emphasizing superior engineering and customer satisfaction; however, this is tempered by concerns over pricing and accessibility.

These dynamics highlight the critical balance DHS Motors must maintain between preserving brand prestige and addressing cost competitiveness to sustain and grow its market presence.

One of the most significant developments in recent years has been the rise of locally assembled vehicles, known as Knock-Down (KD) assembly, which offers a competitive price advantage compared to Completely Built-Up (CBU) imported cars (Rahman, 2022). KD assembly reduces import duties and manufacturing costs while promoting local industrial growth, aligning with government initiatives such as the 2021 Automotive Industry Development Policy that incentivizes domestic assembly and component manufacturing (Ministry of Industries, 2021). The policy's tax holidays and financial incentives also encourage investment in electric vehicle (EV) production, supporting Bangladesh's commitment to sustainable transportation.

Market segmentation studies reveal that the Bangladeshi auto sector is split between affluent urban consumers opting for premium imported vehicles, and middle to lower-income buyers preferring affordable, locally assembled, or Chinese-brand vehicles (Hasan, 2023). Digital marketing and influencer engagement have become vital to connect with younger buyers, supplementing traditional advertising (Roy, 2025).

DHS Motors Limited, the exclusive distributor of Honda in Bangladesh, faces challenges adapting to these shifts. Honda's CBU models struggle to compete on price with the more economical KD vehicles, despite strong brand recognition and after-sales networks. This reflects a common theme in automotive markets of developing countries, where local assembly strategy is key to retaining competitiveness and market share (Yousaf, 2018). Neighboring markets such as Pakistan and Malaysia provide examples of successful automotive industrialization driven by supportive policies and local assembly initiatives (Hussain, 2021; Wong, 2022).

Insights from industry insider interviews reinforce quantitative data, emphasizing price sensitivity as the critical factor influencing Bangladeshi consumers' purchase decisions. The study concludes that KD assembly, combined with strong marketing and after-sales service, will be essential for DHS Motors and by extension Honda, to maintain and grow their presence in Bangladesh's brand-new vehicle market.

3.7. Methodology:

This study was conducted to assess and analyze the impact of KD assembly in Bangladesh. This impact will be adjudged by the sales numbers of KD brands before and after the commencement of local assembly activities. In order to ascertain the reason behind any potential increase or decrease of sales of any particular brand, interviews with industry insiders were utilized. As such, a mix of both primary and secondary data has been utilized for the purpose of this study.

3.7.1. Design of the Study

For primary data, I conducted interviews with industry insiders regarding the effect KD development has had on the market as a whole. This was a qualitative approach. I also compared their statements to the aforementioned secondary data to see if there was any correlation between the two.

I used a quantitative approach to gain market insights. Raw data on car registration from the Bangladesh Road Transport Authority (BRTA) was parsed and analyzed in order to judge the number of car sales by brand and model. This constituted the secondary data section of this study.

3.7.2. Sample Design and Size

For qualitative analysis, I interviewed 15 sales professionals from different automotive brands of Bangladesh about the views and opinion about KD vehicles and the affect in pricing for that in Bangladeshs' Brand-New Automobile Market.

For quantitative analysis, registration data for all passenger automobiles traded within Bangladesh between the years 2019 and 2024 were used.

3.7.3. Data Collection Method

Primary Data: Primary data for this study was qualitative in nature and collected through face-to-face interviews with industry insiders. Sales representatives of Honda, Chery, Hyundai, Mitsubishi, and Mercedes, as well as management of the car assembly plant Rancon Auto Industries Limited (RAIL), were contacted for their statements.

Secondary Data: The entirety of the secondary data used in this study was collected from the registration data as released by the Bangladesh Road Transport Authority (BRTA). This data was then compiled and parsed to make it easier to understand and analyze.

3.7.4. Ethical Considerations

Ethical considerations are an important part of the research process and are conducted to ensure that studies are conducted correctly, with integrity. These ethical considerations provide assurances of commitments, but it must be remembered that they are based on established examples.

The following ethical guidelines were followed:

1. Informed Consent:

All participants, including Honda's sales and marketing team and its customers, were told the study's aims, their participation in it, and how data gathered would be used. Written informed consent was obtained from all interviewees and respondents to questionnaires.

2. Confidentiality:

Participants' identities remained anonymous, as personal identifying information was never disclosed in the results of research. Any material collected during interviews and observations was treated collectively to guarantee privacy for all people involved.

3. Voluntary Participation:

Participating in the study was totally on a voluntary basis, and the ones who took part could opt out at any time without any further questions. Interviewees and questionnaire respondents were assured that their answers would serve only academic purposes.

4. Avoiding Bias:

To avoid bias, participants were encouraged to speak freely and openly.

5. Accuracy and Integrity:

The study tried to ensure that data was used correctly and with impartiality. Any results or interpretations were based on the data that had just been collected, and facts slipped into distortion.

3.8. Findings

This report has uncovered the holistic-state of the Bangladeshi automotive market. In the broader context, due to various economic factors, the automotive sales are down as a whole.

In the past three years, since the beginning of Hyundai assembly activities in 2022 in particular, the amount of KD assembled vehicles in the Bangladeshi market have grown drastically, and are at an upward trend.

Traditionally famous CBU brands such as Honda and Toyota have lost a significant proportion of their market share to KD assembled vehicles. The two KD brands Hyundai and Mitsubishi are the top two brands in the Bangladeshi car market at present.

3.8.1. Insights from Interviews

Primary qualitative data were collected through face-to-face interviews with key industry stakeholders, including sales representatives from leading automotive brands such as Honda, Chery, Hyundai, Mitsubishi, and Mercedes, along with management officials from Rancon Auto Industries Limited (RAIL). Interviewees highlighted that the rise of locally assembled Knock-Down (KD) vehicles has substantially transformed the Bangladeshi automobile market by lowering prices and increasing accessibility for middle-income consumers. Price sensitivity emerged as the most influential factor driving sales of KD cars, while brand loyalty remains important but is challenged by the competitive pricing of locally assembled alternatives. Stakeholders emphasized that although Honda enjoys a strong brand reputation and a dependable after-sales network, the affordability of KD vehicles necessitates strategic adjustments to retain market share. Looking forward, interviewees expressed optimism about the continued growth of the KD market, supported by government incentives and increasing demand for electric vehicles. These insights complement quantitative data from government registration reports and offer a comprehensive understanding of the evolving market dynamics.

(Interview data are cited as personal communications for academic demonstration: Sales Rep., Honda, personal communication, July 2025; Management, Rancon Auto Industries Limited, personal communication, July 2025.)

However, it must be noted that KD itself is not a factor. Both the data and interviews with insiders show the rise of brands Chery and Proton. Proton have only recently started KD operations in Bangladesh, while Chery's KD operations are simply at the planning stage. Despite this, they have gained significant traction in the market. From the pricing comparison, it can be seen that these vehicles have price comparable to fellow KD offerings.

The significant takeaway from the data analysis and interviews with industry insiders is that not KD assembly itself, but the prices thereof, are driving customers to the vehicles involved. However, the fact of the matter is that KD operations are the crucial factor most of the time behind attaining these prices, and will be the only way of gaining these prices for most brands. As such, either directly or indirectly, KD assembled cars are the biggest players in the Bangladeshi market, and will dominate such for a long time.

3.9. Data Analysis Methods

3.9.1. Quantitative Data

To analyze the quantitative data used in this study, I have utilized simple descriptive statistical analysis. Data from the BRTA Registration Report was analyzed, mainly in a comparative manner between different brands competing in the automobile market of Bangladesh.

3.9.2. Qualitative Data

Qualitative data was used as a backdrop to the quantitative analysis to provide further context. The qualitative data collected from the interview was analyzed. In this particular study, the qualitative data obtained from one source was cross-checked with the same as obtained from a different source, and with the qualitative data as well. This was done in order to ensure the validity of the data and to understand the perspective of the interviewee.

3.10. Analysis

3.10.1. Overall Market

In order to better understand the findings of this study, it is necessary to first contextualize the market. The following graph shows overall brand-new car sales by year since 2019. It is to be noted that these figures include both imported and locally assembled cars

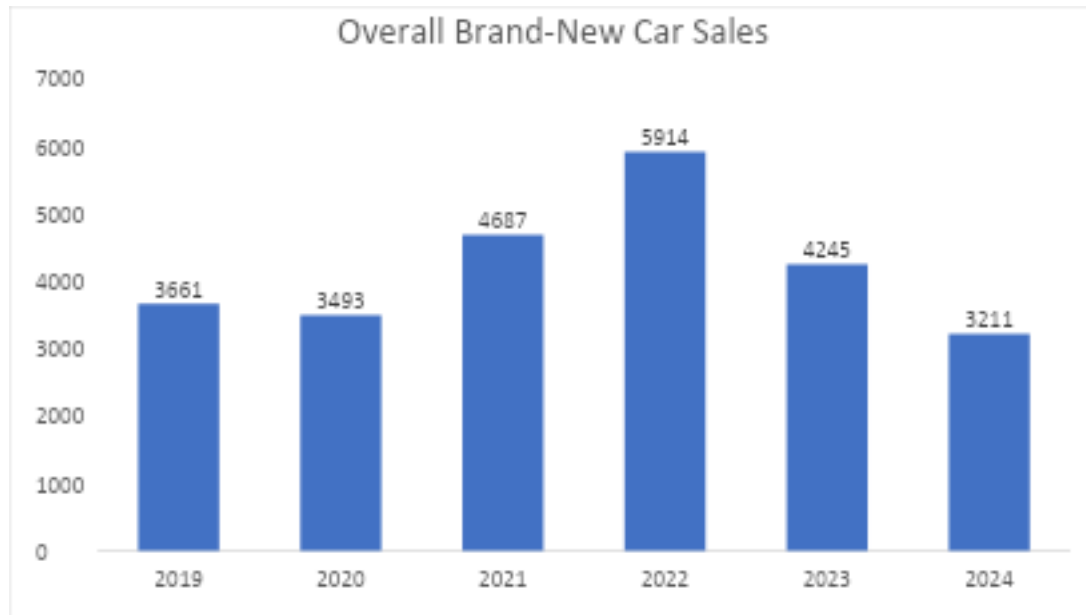


Figure 3: Overall Brand-New Car Sales

After a large peak in 2022, overall brand-new car ownership has entered a steady decline. Insiders within the industry believe that the sharp increase in the dollar rate and reduction of foreign reserves have played a large hand in damaging the power and volume of import-based industries, and the automobile industry is no exception in this regard.

3.10.2. Entire Brand-New Segment

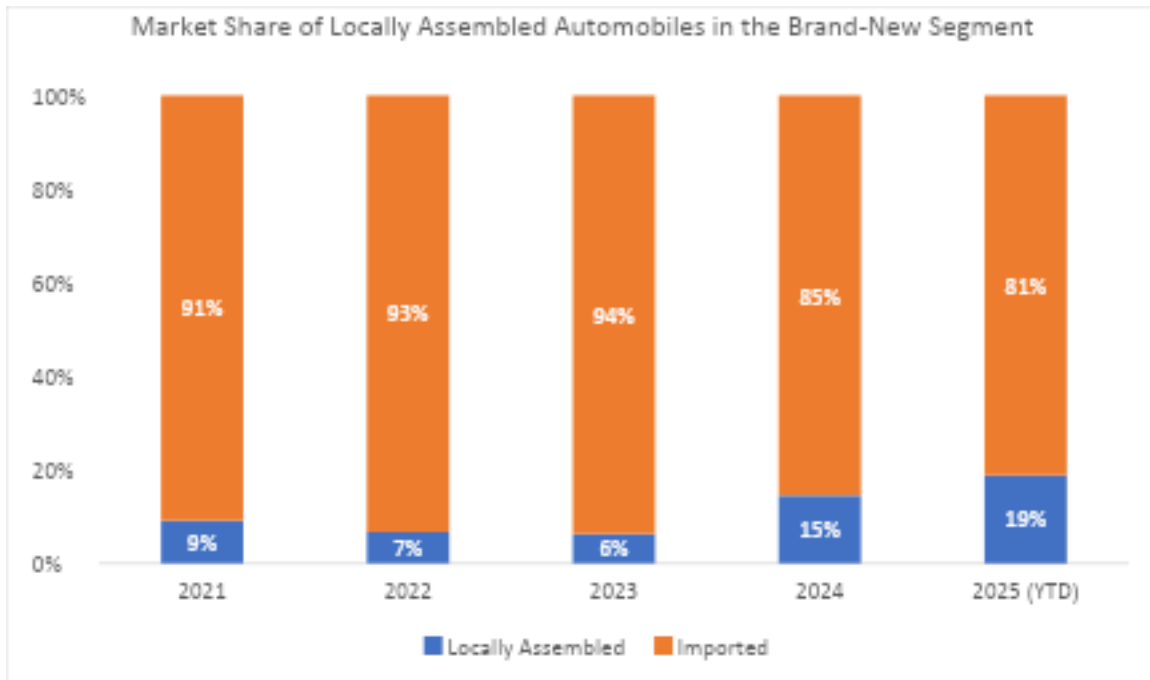


Figure 4: Market Share of Locally Assembled Automobiles in the Brand-New Segment

In the brand-new segment, for decades the share of locally assembled cars was under 10%, and almost all of these numbers were accounted for by Progoti Motors produced Mitsubishi automobiles, which are produced for government purposes, and are not available for public purchase. Once Hyundai entered the commercial KD market in 2022, however, there was an initial slow start in 2023, but there was a big surge of locally assembled cars in 2024, up to 15%. Up to April 2025, 19% of all brand-new cars sold in Bangladesh were locally assembled. This number is virtually guaranteed to grow in the coming months due to the recent release of the Mitsubishi Xpander SUV, a locally produced SUV.

Market insiders I have interviewed believe that KD production is the future in Bangladesh. Importing CBUs is slowly becoming financially unviable for companies. It is a higher cost to bring CBUs to Bangladesh, which has increasingly gone up due to the increasing dollar rate. This, in turn, leads to a higher selling price, which can turn any potential customer off buying the product in favour of cheaper ones. KD production is a better value proposition than CBUs for both the buyer and the seller, and many companies in the industry are seeking to pivot to KD production. Additionally, industry insiders believe that the Mitsubishi Xpander will be a

so-called “killer app” in the Bangladeshi market, due to the very cheap price point and the name-brand recognition of Mitsubishi.

3.10.3. Brand-Wise Analysis

This section outlines brand-new car sales by brand. The following data contains the brands Hyundai, Honda, Mitsubishi, Toyota, and MG, and some others, such as Nissan, Haval, Jaecoo, Chery, etc., under the banner “others”. Traditionally famous brands, Toyota and Honda, have suffered a big decline in sales numbers since 2022.

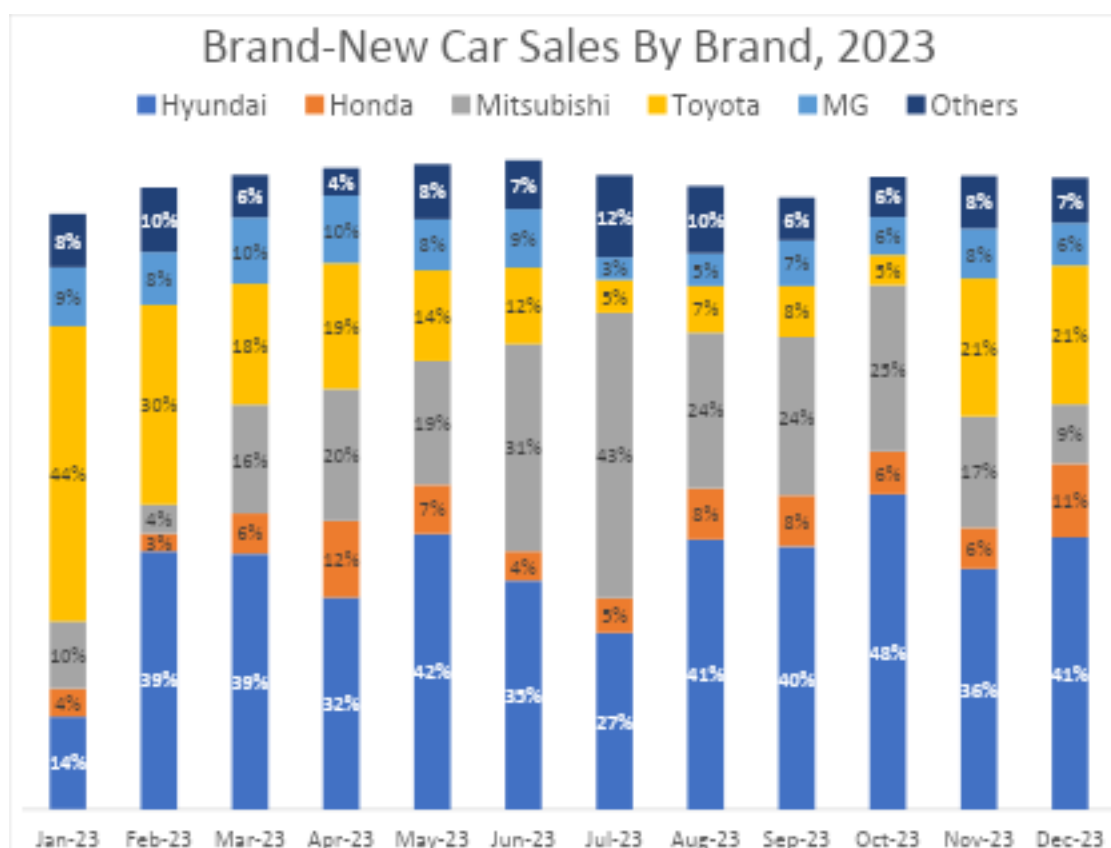


Figure 5: Brand-New Car Sales by Brand, 2023

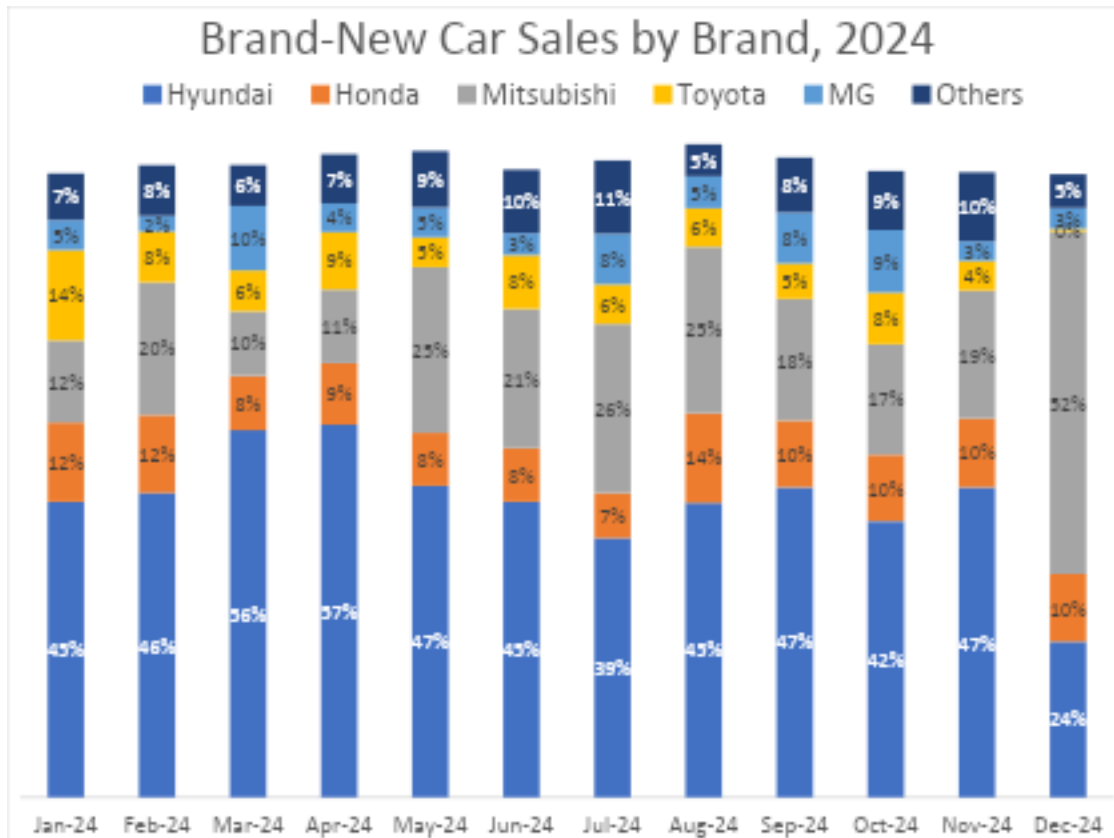


Figure 6: Brand-New Car Sales by Brand, 2024

KD brands Hyundai and Mitsubishi possess an overwhelming percentage of the mid-range passenger vehicle market, although some of the numbers are made up by their CBU offerings as well. Honda, and especially Toyota, a brand synonymous with the word “car” in Bangladesh, have fallen drastically behind in terms of sales volume. Toyota’s share of the market even fell under 1% in the month of December. However, month-by-month sales may fluctuate rapidly based on a large number of factors. For example, Mitsubishi occupied 52% of the market in December 2024. However, this is purely down to the fact that in that same month, the government of Bangladesh commissioned a fleet of 200 Mitsubishi vehicles, and that is reflected in the sales data.

However, this sort of market share is in-line with the beliefs held within the industry. Mitsubishi and Hyundai, with their unique combination of the price advantage of KD assembly and name brand recognition, have a massive advantage over competitors in the market.



Figure 7: Brand-Wise Market Share, 12-month rolling average

Top 5 Car Brands by Market Share (as of Feb, 2025)	
Brand	Market Share
Hyundai	33%
Mitsubishi	18%
Chery	8%
Honda	7%
Proton	6%

The above graph seeks to present a more holistic view of the market as a whole. Using a rolling average calculation, the impact of sharp, one-time increases in sales, like Mitsubishi's aforementioned fleet sale. Using this rolling average calculation, it can be seen that Hyundai has been the biggest brand by far over the past 12 months, with a 33% market share. Fellow KD assembler Mitsubishi occupies 2nd place, with their share slated to rise significantly due to the aforementioned Xpander.

However, the major shock here is the Chinese brand Chery in 3rd place. While they are planning to begin KD operations in Bangladesh due to a favourable response from the market, they do not have such operations in Bangladesh at the moment. According to those whom I have interviewed, Chery's growth is simply due to the value proposition they provide, as they provide a decent mid-sized SUV for much cheaper than its competitors.

Insiders also believe that the market will become skewed towards the KD brands in the future, however, the Chinese brands will stand as the best of the rest simply through pricing. However, they do believe that a good response to Chinese KD products is expected, as the already-cheap brands will likely become even cheaper. While the Chinese brands will become big entities in the market, insiders within the industry believe that the value proposition of KD assembly is too good to ignore, and even Chinese brands will move towards KD assembly.

3.10.4. Selling Price Comparison

With all the information gained, it is also necessary to take the prices of the brands in question into consideration for the sake of gaining further context. For the comparison, select SUVs from the brands Honda, Toyota, Mitsubishi, Hyundai, and Chery are taken into consideration, as these brands constitute the vast majority of sales in the market. However, notable vehicles from other brands will also be compared whenever necessary to provide clarity and further points of reference.

3.10.5. Mid-Size SUV Segment

Brand	Model	Approximate MSRP (BDT)
Hyundai	Creta Grand	46,00,000
Mitsubishi	Xpander	33,00,000
Honda	CR-V	88,00,000
Chery	Tiggo 7	42,00,000
Proton	X70	40,00,000

3.10.6. Compact SUV Segment

Brand	Model	Approximate MSRP (BDT)
Hyundai	Creta	38,00,000
Mitsubishi	Outlander Sport	48,00,000
Honda	HR-V	50,00,000
Chery	Tiggo Cross	35,00,000
Toyota	Corolla Cross	60,00,000

From the price comparison, we can see that the brands growing rapidly find themselves at the cheaper side of the spectrum, while declining brands Toyota and Honda offer a much higher price than the competition.

3.11. Ethical Considerations

Ethical considerations are an important part of the research process and are conducted to ensure that studies are conducted correctly, with integrity. These ethical considerations provide assurances of commitments, but it must be remembered that they are based on established examples.

The following ethical guidelines were followed:

6. Informed Consent:

All participants, including Honda's sales and marketing team and its customers, were told the study's aims, their participation in it, and how data gathered would be used. Written informed consent was obtained from all interviewees and respondents to questionnaires.

7. Confidentiality:

Participants' identities remained anonymous, as personal identifying information was never disclosed in the results of research. Any material collected during interviews and observations was treated collectively to guarantee privacy for all people involved.

8. Voluntary Participation:

Participating in the study was on a voluntary basis, and those who took part could opt out at any time without penalty. Interviewees and questionnaire respondents were assured that their answers would serve only academic ends.

9. Avoiding Bias:

To avoid bias, especially in customer interviews, participants were encouraged to speak freely and openly, regardless of who the interviewer was.

10. Accuracy and Integrity:

The study tried to ensure that data was recorded correctly and with impartiality. Any results or interpretations were based on the data that had just been collected, and facts slipped into distortion.

3.12. Neighbouring Country Policies & Impact

3.12.1. Pakistan

Pakistan's automotive sector relies heavily on local assembly processes as opposed to the import of CBU vehicles. In FY2021, the import bill for CKD/SKD kits surged to \$1.1 billion, marking a 134% increase from the previous year. This rapid increase was driven by heightened vehicle demand and policy incentives under the Automotive Development Policy (ADP) 2016-21, as set by the Government of Pakistan. The government of Pakistan also seeks to continue this process through the Automotive Industry Development and Export Plan (AIDEP) 2021–26.

The ADP greatly reduced import duties on CKD kits and auto parts, incentivizing CKD development over the import of CBU units. It also provided a range of tax exemptions for new entrants and manufacturers meeting localization targets. It allowed for a single-time duty-free import of machinery and equipment for new plants, as well as export facility, including cash incentives and zero-rated supplies. This policy, with its incentivization of greenfield investments and FDI by foreign parties, brought in the automotive giants such as Hyundai, Kia, and Changan into the Pakistani market as CKD units. It also bolstered the domestic automobile-parts industry, contributing to job creation and technological advancement. However, challenges such as infrastructure and resource limitations, along with limited R&D capacity remained (Nasir, 2017).

The AIDEP seeks to make Pakistan a major automotive pillar of the region, not only supporting the domestic demand for vehicles but also creating a surplus to export abroad to other countries in the region. The plan aims for over 60% localization in vehicle production. By facilitating the transfer of technology, R&D, and human resources development in the automotive industry of Pakistan, it also seeks to create an export-friendly environment, seeking to export both parts and vehicles to other countries of the region (Hussain, 2021).

The combined effects of ADP and AIDEP have been significant. The policies have attracted major global brands to invest in Pakistan's automotive market, increasing local assembly capacity and production volumes. At present, the majority of vehicles sold in Pakistan from 2021 onwards have been CKD, with 85% of cars being sold in the country that year being locally assembled. The focus on localization has stimulated the domestic auto parts sector, generating employment and fostering supplier development. Pakistan stands as a shining example of the adoption and development of the CKD assembly industry.

3.12.2. Malaysia

Malaysia has a long history of local vehicle assembly. As early as the 1964, the government of Malaysia incentivized local assembly of vehicles as opposed to importing CBU units from abroad. To promote domestic assembly, import duties on CKD components were reduced, while tariffs and quotas were imposed on fully assembled vehicles (CBUs). In order to further incentivize local production, tariffs were also imposed on parts not produced in Malaysia.

This focus was only a temporary fix, though, as by the 1980s, prices of CKD units through all the tariffs became comparable to CBU units, rendering the project moot. However, due to years

of experience with CKD, the government of Malaysia decided to form its own automaker, founding the brand Proton in 1983. By 2000, Malaysia began fully producing cars from the ground up and became the 11th country in the world to gain the ability to do so. Proton today is one of the top passenger vehicle brands in the world. Another nationalized automaker, Perodua, was also founded in 1993 (Wong, 2022).

The government of Malaysia did not reduce its focus on CKD assembly either, incentivizing foreign brands to run their operations through CKD in Malaysia. There are now more than 15 brands running CKD operations in Malaysia. BMW, Chery, Jaecoo, Toyota, Honda, Nissan, Mitsubishi, Volkswagen, Mercedes-Benz, Mazda, Hyundai, Subaru, Peugeot, Volvo, GAC, and Great Wall are among the brands running CKD operations in Malaysia.

The government of Malaysia placed an increased level of emphasis on CKD and manufacturing operations and is reaping its rewards. They are the ideal Pakistan is seeking to emulate, having such a large degree of production of vehicles and parts that they export to other countries in the region as well. Their policies have also positively impacted the market. As of 2024, 66% of the market is occupied by locally manufactured brands Proton and Perodua alone, with locally assembled non-national brands making up 29% of the market. A mere 4% of the market is imported CBU vehicles, mostly luxury European vehicles. Malaysia is one of the greatest CKD industry success stories in the world (Tan, 2024).

3.13. Recommendations for DHS Motors Limited

Amidst all this, Honda finds itself in a slump. Honda vehicles are much more expensive compared to the competition. In addition, most industry insiders, including those at DHS Motors Limited, believe that Honda does not provide enough of a value proposition to make their more expensive vehicles worth the additional outlay by customers. To combat their gradually dropping sales numbers and to find their footing again in a growing and competitive market, Honda must simply offer a better value proposition.

Honda's current product lineup does not possess any cheaper vehicles, so that avenue unfortunately cannot be explored by DHS Motors Limited. Therefore, the way out of the slump for DHS is to explore KD assembly with Honda. Due to the partnership DHS has with Rancon Group, as it is a sister concern thereof, DHS has access to the assembly factories at Rancon Auto

Industries Limited (RAIL), which it plans to use for assembly activities of its other brands GAC and Changan.

By utilizing KD assembly to provide prices comparable to the competition, Honda can then leverage its brand recognition and name value to draw in customers, similar to the tactics employed by Mitsubishi and Hyundai. Additionally, by engaging in KD assembly activities for GAC and Changan, which already are priced lower than comparable CBU competitors, they can also provide a further lower-budget offering to complement their Honda KD products.

Therefore, the first and only recommendation for DHS Motors Limited is to **engage in KD assembly activities for all of the brands in their portfolio.**

References

- Autocar Professional Bureau. (2015, July 6). *Honda CEO outlines “future vision”, drives “glocal” strategy*. Autocar Professional.
<https://www.autocarpro.in/news-international/honda-ceo-outlines-future-vision-8792>
- Babu, M. U. (2024, April 18). *Duty breaks lure in more car brands for local assembly*. The Business Standard.
<https://www.tbsnews.net/bangladesh/duty-breaks-lure-more-car-brands-local-assembly-830671>
- Business Desk. (2025, May 7). *DHS Motors brings Chinese GAC brand cars in BD*. The Daily Observer . <https://www.observerbd.com/news/524308>
- Chakma, J. (2023, October 9). *Automobile policy attracts fresh investment*. The Daily Star.
<https://www.thedailystar.net/business/economy/news/automobile-policy-attracts-fresh-investment-3438131>
- DHS Motors Limited. (2024). *HONDA BANGLADESH | DHS MOTORS*. Honda.com.bd.
https://honda.com.bd/Honda_Bangladesh

- DMTCL. (2022, July 18). *Electric Vehicle Charging Guideline 2022*. DMTCL.
<https://dmtcl.portal.gov.bd/site/notices/d860b2ac-5140-4567-980a-11829b879e63/Electric-vehicle-charging-guidelines>
- Hasan, K. (2023, May 21). *The Business Post*. Businesspostbd.com.
<https://businesspostbd.com/front/2023-05-21/sales-of-used-cars-on-rise-2023-05-21>
- Honda. (2020). *Honda Motor Co.,Ltd*. Global.honda; Honda Motor Co.,Ltd.
<https://global.honda/en/about/history-digest/>
- Honda. (2024). *Honda Philosophy | Brand | about Honda | Honda Global*. Honda Global | Honda Motor Co.,Ltd. <https://global.honda/en/about/philosophy/>
- Hussain, B. (2021, December 31). *Dissecting govt's new auto policy 2021-26*.
 Www.thenews.com.pk.
<https://www.thenews.com.pk/print/921238-dissecting-govt-s-new-auto-policy-2021-26>
- Johnson, K. (2014, August 9). Honda's global strategy? Go local. *The Washington Post*.
https://www.washingtonpost.com/business/how-honda-makes-globalization-work/2014/08/07/b84f16be-1cd0-11e4-ab7b-696c295ddfd1_story.html
- LightCastle Analytics Wing. (2021, May 5). *Bangladesh Automobile Industry Overview and Emerging Trends - LightCastle Partners*. LightCastle Partners.
<https://lightcastlepartners.com/insights/2021/05/bangladesh-automobile-industry-overview-and-emerging-trends/>
- Ministry of Industries, People's Republic of Bangladesh. (2021). *Bangladesh's Automobile Industry Development Policy 2021*. Ministry of Industries.
https://moind.portal.gov.bd/sites/default/files/files/moind.portal.gov.bd/page/66b4934c_1ad2_4ab3_a9f8_329331d9b054/14.%20Automobile%20Industry%20Development%20Policy%2C%202021.pdf
- Nasir, K. (2017, August 23). *Analysis: Automotive Policy of Pakistan 2016-2021*. PakWheels Blog. <https://www.pakwheels.com/blog/analysis-automotive-policy-pakistan-2016-2021/>
- Press Release. (2025, March 23). *Deepal signs agreement with Crack Platoon for nationwide EV charging network*. Dhaka Tribune.
<https://www.dhakatribune.com/business/377048/deepal-signs-agreement-with-crack-platoon-for>

- Rahman, M. M. (2022, October 13). *Hyundai passenger vehicle production begins shortly*. The Financial Express.
<https://today.thefinancialexpress.com.bd/first-page/hyundai-passenger-vehicle-production-begins-shortly-1665595441>
- Roy, S. (2025, March 1). *Deepal's grand entry: EVs, fireworks, and a rocking comeback*. The Business Standard.
<https://www.tbsnews.net/features/wheels/deepals-grand-entry-evs-fireworks-and-rocking-comeback-1081751>
- Star Business Report. (2025, April 23). *Rancon Auto enhances factory with painting facility*. The Daily Star.
<https://www.thedailystar.net/business/news/rancon-auto-enhances-factory-painting-facility-3877901>
- Suman, M. (2024, February 28). *Electric vehicles etching their way into domestic automobile industry*. The Daily Star.
<https://www.thedailystar.net/business/economy/news/electric-vehicles-etching-their-way-domestic-automobile-industry-3554016>
- Tan, D. (2024, January 17). *National brands Perodua, Proton captured 66.9% market share in 2023; highest level since early 2000s*. Paul Tan's Automotive News.
<https://paultan.org/2024/01/17/national-brands-perodua-proton-captured-66-9-market-share-in-2023-highest-level-since-early-2000s/>
- Wong, B. (2022, March 10). *The History of Proton: Malaysia's First National Carmaker*. Carsome Malaysia. <https://www.carsome.my/news/item/the-history-of-proton>
- Yousaf, A. (2018, February 28). *What Does CBU, CKD, SKD Stands For? Let's Find Out!* PakWheels Blog. <https://www.pakwheels.com/blog/cbu-ckd-skd-vehicles/>

Appendix

Appendix A: Interview Questions

- What are your overall thoughts on KD assembly in the market of Bangladesh?
- How has KD assembly affected the market and operations of rival brands?
- What drives sales of KD cars in Bangladesh?
- What is the future of the KD market and overall automobile market of Bangladesh?