

Tuhu: Changing China's Automotive Aftermarket

Chenyu Wu

*Beijing Normal University-Hong Kong Baptist University United International
College, China*

EXECUTIVE SUMMARY

This case study explores the development and strategic growth of Tuhu Vehicle Co., Ltd., a leading player in China's automotive aftermarket, under the leadership of MIN Chen. It provides a comprehensive analysis of Chen's extensive background in software development, data management, and the automotive service sector, highlighting his pivotal role in transforming Tuhu from a tire-changing service to a diversified O2O one-stop automobile repair and maintenance company. The case delves into Tuhu's innovative approaches, including the implementation of standardized services, the creation of industry alliances, and the launch of an open product platform. It examines Tuhu's strategic expansion, its successful IPO on the Hong Kong Stock Exchange, and its forward-looking initiatives in the new energy vehicle market. By analyzing Tuhu's business model, supply chain revolutions, and market positioning, this case provides insights into the company's unique development path, operational resilience, and its impact on China's auto aftermarket industry.

UNICORN DESCRIPTION

Background of the Company

Tuhu Car Care Network, a prominent player in the automotive sector, was established in 2011, initially focusing on tyre sales. The company adopted a cooperative partnership model to build its performance infrastructure. Tuhu established its first logistics centre the following year, beginning a significant expansion. By 2013, the company had partnered with over 4,000 stores across China and diversified its services to include automotive maintenance, oil sales, and chassis part sales. The year 2014 marked a significant milestone for the company with the launch of the Tuhu Car Care App, an innovative platform designed to transform how customers manage their vehicle maintenance.

As Tuhu continued to innovate and expand, it launched a one-stop auto parts business in 2015 and introduced the industry's first tyre insurance service. The following year saw the establishment of the Tuhu Car Care Factory Store, which helped the company become China's largest tyre retailer. In 2017, Tuhu diversified further by launching an auto beauty business and providing SAAS solutions for its brand partners. The company's growth continued unabated in 2018, with the launch of China's first front-end distribution centre and becoming the nation's largest motor oil retailer. In 2019, Tuhu introduced the “one item, one code” traceability system, ensuring transparency and accountability across its supply chain.

2020 was challenging due to the global COVID-19 pandemic; however, Tuhu responded by setting up an emergency rescue service team. By 2021, the company had exceeded 20 million trading customers, and its annual sales had crossed the tens of billions of dollars mark. In 2022, Tuhu became China's largest car retailer and third-party service provider for power battery and charging pile maintenance. The following year, Tuhu's registered users surpassed 100 million, and the world's most giant automated third-party tyre warehouse became operational, further solidifying Tuhu's position as a leader in the automotive sector.

Business Model

Tuhu Inc. is China's leading online and offline integrated automotive service platform. With a customer-centric model and a streamlined supply chain, it provides a digital and on-demand service experience that directly meets vehicle owners' diverse product and service needs. Tuhu aims to create an automotive service platform comprised of vehicle owners, suppliers, automotive service stores, and other participants. The Tuhu platform can serve most passenger car models on sale in China, meeting a full range of automotive service needs from tyre and chassis parts

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