

Al Dobowi Group: Business Growth in Local and International Markets

Jalal Rajeh Hanaysha

School of Business, Skyline University College, 1797, Sharjah, United Arab Emirates

E-mail: jalal.hanaysha@skylineuniversity.ac.ae; jalal.hanayshi@yahoo.com

Abstract

Al Dobowi Group was established in 1976 to serve customers in the UAE and other international markets by offering various products of high-quality at affordable prices. The Group runs its operations internationally in four continents (Middle East, Africa, Europe, and the Americas) and currently employs over 2000 staff, focusing on providing unique products and services to its customers in target markets. The main products offered include tyres, retreads, industrial and automotive batteries, industrial rubber products and fabrication, fluid management, autoparts, oil, filter, lubricants, storage and material handling, garage equipment, and industrial UPS and inverters. This case study aims to improve our understanding about the historical growth and development of Al Dobowi Group. It also enhances our understanding about the key tactics employed for managing its foreign operations. A significant focus is further put on the marketing mix strategies employed to achieve success in both domestic and international markets. Additionally, the corporate social responsibility and contributions of Al Dobowi Group to charitable organizations are outlined. Finally, this case study ends by highlighting the key challenges confronted by Al Dobowi Group in both domestic and international markets.

Keywords: Al Dobowi Group, global expansion, strategic marketing.

History and Background

Al Dobowi is an internationally esteemed producer of several products and services, including tyres, power storage, industrial rubber, material handling, and fluid management items. It was established in 1976 and currently maintains a significant presence in several countries. In 1975, Mr. Surender Singh Kandhari, the Chairman and Founder of the Al Dobowi Group conducted an exploratory visit to Dubai, leading to the establishment of the group with diverse business interests under his visionary leadership. His commitment to excellence and loyalty to honesty form the foundational principles of the Al Dobowi group. The organization functions as a unified business entity, committed to excellence in manufacturing and distribution. It functions by outsourcing the manufacturing of its tyres to prominent tyre facilities in Asia, employing its proprietary equipment and research and development. Currently, Al Dobowi is the leading battery manufacturer in the MENA region, providing both automotive and industrial solutions.

In addition to production and distribution, Al Dobowi Group offers effective solutions to technical challenges by utilizing its vast experience and an understanding of industry-specific challenges, encountered both internally and by the clients. Al Dobowi has established its brand a leader in the market by providing excellent services and unique solutions to its clients. The products and services are distributed worldwide through a strong business presence in Africa, the Americas, Asia, Europe, and the Middle East. The group has collaborations with renowned corporations such

as Coca-Cola, Walmart, and DHL to deliver solutions that meet market requirements. Al Dobowi uses modern manufacturing plants, research and development centers, and strategic partnerships to keep its competitive edge in target markets.

In 2008, Al Dobowi Group established Ethiopia offices service centers and warehouses to serve Ethiopian, Djibouti and Somalia markets aimed at distributing tyres and batteries and OTR repair services in partnership with Rema Tip Top. Officials of the organization said that these initiatives will offer advantages and opportunities for Al Dobowi's European partners to start building their business in the world's fastest growing countries in the absence of that of local Africa. In the 1990s, the group expanded its operation to Africa and Asia, importing industrial and automotive components and accessories. In 2002, notable achievement of the group was the introduction of the Infinity tyre brand as well as establishment of tyre and battery manufacturing plants. Moreover, the group introduced IT technology in 2005 and initiated research and development, which support the innovation of the group.

In 2008, Al Dobowi has further expanded into South Africa through the acquisition of TyreCor, a domestic tyre distributor which has offices and service facilities in Cape Town, Johannesburg, Durban, and Mpumalanga. TyreCor is a preferred collaborator of Trelleborg in South Africa, and this acquisition is viewed as a significant milestone for strengthening Al Dobowi's affiliation with Trelleborg. In the meantime, Al Dobowi has formed a joint venture with Trelleborg to operate in the Middle East and select areas of Africa. Trelleborg Wheel Systems Middle East Ltd is partitioned at a ratio of 49:51 (Trelleborg: Al Dobowi). Representatives of the group acknowledged that Al Dobowi has designated several million dollars to improve the TyreCor infrastructure and "will augment this business by introducing the Infinity range of tyres and batteries, in addition to strengthening the group's agricultural tyre division."

The year of 2018 has also embarked on Al Dobowi Group success by expanding its business portfolio and designating it as the official distributor of the Taurus and Riken brands across Africa and the Middle East (Al Dobowi Group, 2018). Riken provides a comprehensive range of PCR and TBR tyres, whereas Taurus presents a varied assortment of PCR and LTR tyres. The Riken brand offers high-performance tyres across a wide range of products, supported by a rich heritage of quality and European manufacturing technology. Taurus is a reputable European brand that provides a legitimate opportunity to sell at competitive prices, based on a century of history and commercial involvement. It has been recognized as a dependable product that successfully attained desired performance in target markets. In 2024, Al Dobowi Group has maintained a successful presence in more than 45 countries around the world. It offers various products in different categories tyres, retreads, automotive batteries, industrial batteries, industrial rubber products & fabrication, storage & material handling, fluid management, oil, filter, & lubricants, garage equipment, autoparts, and industrial UPS & inverters, and has more than 2000 staff (Khaleej Time, 2021).

International Expansion

Al Dobowi Group has a remarkable history of international expansion, originating in the UAE but evolved to become a leader in the automotive and industrial markets. During its initial inception the group has mainly focused on the Middle East region but later realized the potential of global markets. In 1990s, Al Dobowi embarked on a global expansion journey, beginning with Middle

East and some parts of Africa. This represented a significant milestone in the regional presence map and was supported by strategic distribution and robust relationship with local dealers. Accordingly, this was followed by the extension of products beyond tyres and offering automobile batteries, rubber industrial products, etc. In 2000s, Al Dobowi has further reinforced its international growth by expanding into Europe, Asia, and the Americas. Through its strategic locations in Dubai, USA, Chile, and other countries, the organization has been able to effectively meet consumer needs via improved distribution and logistics network. Such international market presence was supported by the superior products and innovation of brands like Infinity and Eternity tyres, which have captured both the premium and value segments.

With two main manufacturing facilities in the UAE, Al Dobowi currently sells to more than 100 countries worldwide. It has established partnerships with other firms to distribute products in Spain, Germany, Chili, U.S., and South Africa (Gulf News, 2023). It has also established several contract manufacturing agreements with the largest tyre manufacturers in Asia, thus launching the production of high-quality products at affordable prices. This partnership helped Al Dobowi expand its production capacities and adapt to the growing demand in the emerging markets. Moreover, Al Dobowi emphasizes on learning about the precise needs of customers in target markets across various countries. Thus, it adapts its strategies and offerings to each region and adjusts pricing in accordance with the specific economic conditions and needs of consumers. The group's ability to adapt products and services to the specific needs of different markets was the most important factor in achieving success. Currently, Al Dobowi Group sells its offerings in more than 45 countries worldwide through an extensive network of intermediaries, while it adheres to the principles of sustainable development and high quality of services globally.

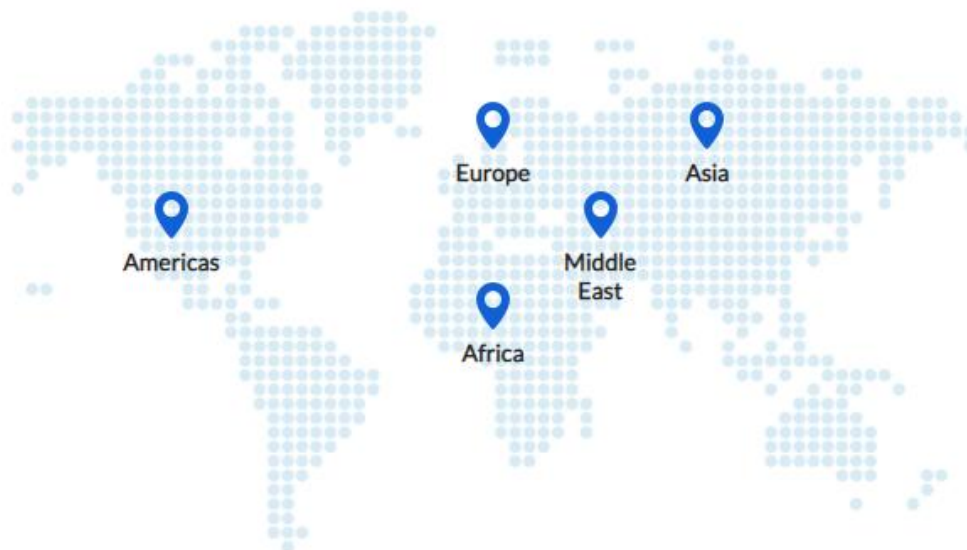


Figure 1: Global Presence of Al Dobowi Group

Marketing Strategies of Al Dobowi Group

An effective marketing strategy is the key foundation for a firm's success and long-term growth. Firms develop their marketing strategies by focusing on the marketing mix which includes various elements that a firm can blend to achieve a desired behavioural response from its target market (Wichmann et al., 2022). This concept is normally known as the Four P's: product, price, place,

and promotion. These are the essential components of a marketing strategy, functioning as a means for executing an efficient marketing plan (Constantinides, 2002). Companies that effectively implement marketing strategies tailored to meet client wants and expectations tend to achieve competitive advantages and substantial market share. The subsequent sub-sections present about the marketing mix strategies employed by Al Dobowi Group.

Product Strategy

Al Dobowi group focuses on several distinct product categories, each containing various products tailored to different market segments. The primary products include tyres, retreads, automotive batteries, industrial batteries, industrial rubber products & fabrication, storage & material handling, fluid management, oil, filter, & lubricants, garage equipment, autoparts, and industrial UPS & inverters (Khaleej Times, 2024). The company formulates its product strategy by designing products according to market needs and expectations, necessitating extensive research and development as well as competitive positioning. Besides the emphasis on creating a unique product design, the company believes that quality is important for maintaining its optimal position in target markets. This entails extensive discussion, market research, and surveys to determine the definitive product strategy for each product and market in order to ensure that customers get a high-quality product at affordable prices. Al Dobowi group also sources its materials from reputable suppliers who emphasize on maintaining quality standards. The list of suppliers can be seen in Figure 2.



Figure 2: Prime Associates/ Suppliers of Al Dobowi Group

Pricing strategy

Price refers to the amount of money paid by a customer to get a product or service (Kotler et al., 2021). The pricing strategy of Al Dobowi depends on two key factors: One its own cost of production and second is the market requirement. It competes in markets that are very conscious about the quality of the product and therefore the price at this level is slightly higher than the lower category of the market, but within this area there is a lot of competition too. Therefore, it basically defines with whom it competes, and based on that decides the best pricing strategy. In both cases, a value-based pricing strategy is used to position its products as premium offerings that deliver

value through durability, safety, and performance. Prices will correspond to the superior quality and modern technology of the products. It sets the prices according to regional market dynamics, consumer purchasing power, and competitive landscape. In high income countries, it adopts a premium pricing for luxury goods to satisfy the needs of clients who seek for products with high quality and performance. However, in emerging markets, it uses a competitive pricing approach to gain larger market share and attract price-sensitive customers. The firm focuses on ensuring the attainment of adequate level of profitability and affordable prices for customers. This is especially the case for areas, which are characterized by high rivalry from both national and foreign brands. Moreover, Al Dobowi normally negotiates the prices with those who buy in large quantities (mainly the distributors and retailers). It also allows the buyers to enjoy price discounts and other attractive terms based on the number of purchases, payment terms, and long-term contracts.

Distribution Strategy

Distribution refers to how the products and services are made available to the customers in target markets (Kotler et al., 2021). In other words, it refers to the place where customers can get a firm's offerings. However, Al Dobowi Group uses different distribution strategies for different markets. In some regions, it takes the responsibility of distribution by itself, while in other markets, it relies on reliable distributors. The distribution strategy is characterized by strategic partnerships, a global presence, and emphasis on innovation and sustainability. Specifically, Al Dobowi has strong partnerships with major tyre and battery producers in the Middle East, Europe, and sub-Saharan Africa. It provides them with a diverse range of products and solutions to meet the needs of different markets. Furthermore, Al Dobowi has developed a worldwide distribution and sales network, enabling it to capture a high market share in target markets. Through its offices in Sharjah, Abu Dhabi, and Dubai, it has kept robust linkages with several groups of customers by demonstrating a commitment to quality and exceptional service.

Promotion/Marketing Strategy

Promotion refers to all marketing communication actions and programs designed by a firm to generate brand awareness and encourage people to buy its products and services (Belch & Belch, 2018). Al Dobowi has tailored its marketing strategies to suit different market segments through both traditional and digital media channels. An example of previous marketing campaigns was Infinity Tyres' 2012 themed "DNA," with an emphasis on the uniqueness of Infinity products, under the slogan, "Not all tyres are created equal" (Al Dobowi Group, 2012). The campaign featured advertisements of historic sites with Infinity tyres, underlining the uniqueness of the brand. The marketing components were consistent, with regular newsletters published in prestigious publications in the company's geographical locations, in addition to a quarterly newsletter that is available both in print and digitally at Infinity's online press room. Moreover, Al Dobowi employs online advertising, which is mainly through the social media and digital marketplaces, using targeted audiences in specific regions with custom-made advertisements for the campaigns. The advertisements frequently emphasize Al Dobowi's sustainable activities to attract environmentally conscious consumers by highlighting the products that are environmentally sustainable, such as low-resistance tyres or recyclable materials (Al Dobowi Group, 2012).

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a company's commitment towards fulfilling its societal responsibilities and being involved in volunteer activities (Carroll, 2021). Al Dobowi Group has a

strong commitment to CSR, expressed in large social projects and initiatives that are mainly focused on development, education, and the environment. For example, during the COVID-19 pandemic, the Group made significant contributions to many charitable organizations and provided meal boxes to labour camps. In recent years, it also provided essential materials for earthquake rescue operations and handed them over to the Red Crescent. Al Dobowi Group focuses on sustainable practices in its operations by manufacturing environmentally friendly products and follows green manufacturing processes. This is evident by the utilization of more than 80% recycled materials in lead-acid batteries, which are 99% recyclable, promoting a circular economy and highlighting solar energy storage alongside sustainability mandates in the UAE (Gulf News, 2023). The leadership of the group, especially Chairman Surender Singh Kandhari regularly engages actively in community development initiatives. In 2020, Al Dobowi Group, in partnership with Ajman University, established "The Bubbles & Surender Singh Kandhari Scholarship Fund". This effort seeks to assist talented students in need, improving educational access and promoting academic performance. Through these CSR initiatives, Al Dobowi Group not only improves its business operations but also positively creates an impact on the society, embodying its fundamental principles of respect, integrity, and innovation.

Challenges in Local and International Markets

Running a business both in a home and host country presents enterprises to numerous challenges in sustaining their operations and accomplishing their desired goals (Shenkar, Luo, and Chi, 2021). These challenges normally arise from the competition, governmental regulations, evolving market needs, and currency volatility (Butler, 2016). Al Dobowi Group faces various challenges in international markets due to the constantly changing market needs. Economic instability in some markets is also evident via currency fluctuations and inflation that affect pricing and margins. The company also faces intense competition from both global and local competitors. Besides that, technological advancement in electric and driverless cars necessitate continuous investments in research and development. In some markets, sustainability concerns include stricter environmental regulations and a growing consumer demand for ecologically friendly products. Also, disparities in regions, compliance with regulations, and barriers to trade further complicate market expansion. Similarly, changing customer behaviors, such as the growth of e-commerce or a preference for sustainable practices, require digital transformation and the adoption of environmentally friendly practices. Finally, they operate in more than 45 countries, exposing it to changes in the exchange rates, which may affect prices and profits and cause a decline in consumer spending on premium items during economic recessions. In the emerging markets, price-sensitive customers may opt for locally-produced goods which may pose a challenge for Al Dobowi group.

Looking Ahead

Al Dobowi Group is strongly dedicated towards satisfying the changing market and industry needs by staying alert to regional and global demands. It continuously seeks dependable partners in order to deliver effective solutions, driven by the goals of securing a competitive advantage, fostering growth, and expediting achievement. Al Dobowi group consistently aspires to be the preeminent leader in the increasingly competitive industry, ensuring reliability in this dynamic and rapid environment, while also providing efficient logistics to its global clientele. It has been expanding swiftly throughout all global regions. It has also expanded its battery manufacturing and growth in distribution and retail, particularly in Africa, with Latin America being its most recent venture. The company has been notably involved in industrial contracting within Saudi Arabia and is

extending its presence in that sector. Al Dobowi will continue to innovate and appeal to its target market by regularly introducing upgraded products at affordable prices while expanding its geographical reach around the globe.

Discussion Questions

1. Discuss the historical development of Al Dobowi Group.
2. Analyze the marketing strategies adopted by Al Dobowi Group in target markets. Do you agree with the promotion strategies followed by Al Dobowi Group? Justify your answer.
3. Evaluate the effectiveness of corporate social responsibility initiatives adopted by Al Dobowi Group.
4. Analyze the challenges faced by Al Dobowi Group in the UAE and international markets.

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