
A Study of Business Strategies of Top Three Two- Wheeler Companies in India

*Dr. D. M. Gujarathi

**Kailas Sriniwas Somani

Introduction:

In recent times, Indian industrial sector underwent number of regulatory changes which is a result of the economic reforms that took place from 1988 to 1991. These reforms mostly influenced consumer durable industry, automobile sector and financial services.

Automobile sector plays a very important role in Indian economy. It is vital to the economy because it is connected with various other sectors and generates employment opportunities on a larger scale. Infrastructure development is nothing but development of urban areas, development of rural areas and industrial development. But indirectly this infrastructure is required to connect various regions and this requirement can be fulfilled by the automobile industry. Automobile segment plays a vital role in shaping the economy of the nation and in its development. A rise to new era in the Indian history has been given by production of heavy commercial vehicle in the country. Gradually many small manufacturing units have been set up by many firms in the country. Hence, the first few passenger vehicles like Fiat, Premiere, Padmini, Lemhrata scooters came into production in India.

Following points highlight few statistics about Indian automobile market in India:

1. India stands at the top position in global two wheeler market
2. India is the fourth biggest market for commercial vehicles in the world
3. India is at the eleventh position in the international passenger car market
4. India is on 5th position pertaining to the sales of buses and trucks in the world
5. India is second largest tractor manufacturer in the world

The journey of two wheelers in India began in 1948 when Bajaj Auto started importing and selling Vespa scooters and since then it has come a long way. After that gradually the preferences of the consumers shifted to motorcycles and scooters without gear which are fuel efficient, economical, high on technology and has got an aesthetic appeal and the price is similar to metal bodied mopeds and scooters with gears. These changes in the preferences of the consumers have impacted the fortunes of the lead manufacturers. The existing leaders have either lost their market share or got perished and their position and place was taken up by new players. Two wheeler industries mainly comprises of three segments- scooters, motorcycles and mopeds. In recent past, market for two wheelers has expanded and number of new players has entered the market leading the Indian two wheeler industry towards the stage of maturity.

Objectives of the study:

The main objectives of the study are as follows:-

1. To study the business strategies of top three two- wheeler companies in India
2. To measure the growth trend of select companies
3. To study the sales trend of the select companies

Research Methodology:

The paper is based on secondary data collected from various books, websites, newspapers, articles and journals.

Selection of Two Wheeler Brands for the Purpose of Study:

For the purpose of study, top four brands are taken up. The following table shows the performance of top ten brands during FY 2018 and 2019:

*Director, Ashoka Business School Nashik

**Research Scholar, S. N. Arts, D. J. Malpani Commerce & B. N. Sarda Science College Sangammer, Sangammer

Table No. 1.1**Performance of Top 5 Two Wheelers in India (FY 2018 & 2019)**

Rank	Manufacturer	FY 2019	FY 2018	Yearly Growth (%)
1	Hero Moto Corp	76,12,775	73,82,718	3.12%
2	HMSI	55,20,617	57,75,287	-4.41%
3	TVS	31,36,532	28,75,466	9.08%
4	Bajaj Auto	25,41,320	19,74,577	28.70%
5	Royal Enfield	8,05,273	8,01,229	0.50%

Source: <https://www.motorbeam.com/wp-content/uploads/Top-10-2-Wheeler-Manufacturers-2019.jpg>

For the purpose of study three top sellers of two wheelers in India as per the FY 2019 have been selected. These three sellers are: Hero Motocorp, Honda Motorcycle and Scooter India (HMSI) and TVS Motor

Hero MotoCorp Ltd.:

- Hero MotoCorp Ltd. is always known for its focus on youth segment as against competitors who largely focus on family segment.
- Hero MotoCorp Ltd. has been able to differentiate its product by positioning it towards the youth segment. It launched scooter in 2006 with a brand name Hero Pleasure. Company identified a shift in the preference of the consumers and launched Hero Pleasure (100 cc), it's first ever scooter, that was designed specifically for women.
- Hero MotoCorp Ltd. launched another scooter in 2012 named Maestro, thereby expanding its scooter portfolio. Maestro has a contemporary look and the brand endorsement is done by bollywood star Ranbir Kapoor. It was positioned at untapped yet fast growing youth segment.
- The company also expanded its production capacity by 25 per cent to meet the growing demand
- Hero MotoCorp Ltd. has outgrown scooter market by its differentiated positioning based on customer understanding, strong network and focused marketing.
- In 2013, the product life cycle turned favorable to Hero MotoCorp Ltd. and it made 15 new offerings (few upgrades and few refreshes) and launched a new product in 2015.

Sales and Sales Growth:

Hero MotoCorp has seen a rising trend in the sales of its vehicle. The following table shows the data related to sales and sales growth of the company:

Table No. 1.2**Sales and Sales Growth of Hero MotoCorp Since 2005-06**

Year	Sales (Nos.)	Sales Growth	Year	Sales (Nos.)	Sales Growth
2011-12	6235205	NA	2015-16	6,632,322	0.01%
2012-13	6075583	-2.56%	2016-17	6,663,903	0.47%
2013-14	6245960	2.80%	2017-18	7692,138	15.43%
2014-15	6,631,826	6.2%	2018-19	7,820,745	1.67%

Source: Collated from Annual Reports of Hero Moto Corp 2011-12 to 2018-19

Interpretation:

1. Sales of Hero MotoCorp has always been increasing though at a varying rate except in the year 2012-13 in which there was a decline in the sales volume by 2.56 per cent.
2. Maximum growth was noticed in the year 2017-18 when sales grew by almost 15 per cent.
3. In 2017-18 Hero MotoCorp crossed 75 lakhs units sales mark, becoming first very entity to achieve such a feat globally.

Business Strategies of Hero MotoCorp:

1. Hero MotoCorp today is one of the world's largest two wheeler manufacturer and one of the world's biggest automaker. Hero MotoCorp have more than 370 subsidiaries and more than 65 affiliates. Hero MotoCorp is expanding its business operations and business across the globe.
2. With a view to aptly understand different markets, Hero MotoCorp use a mix of psychographic, demographic and geographic segmentation variables. It constantly makes efforts to understand and fulfill their consumers' preferences.
3. Hero MotoCorp uses differentiating targeting strategies for selection of defines population to which a specific product or service has to be offered.
4. The company has positioned itself as a value based organization. The main objective of the company is to enrich life of people all over the world and to empower them to enjoy their lives. In the year 2020, Hero MotoCorp has come up with several strategies such as innovation in products and services, marketing investment, customer experience, etc. because of which there has been a noticeable growth in the brand.
5. The company's key strategy is to build a robust product portfolio across categories. Other strategies include exploring the growth opportunities across the globe, continuous improvement in operational efficiency, aggressive expansion of reach towards customers, investment in brand building activities and to ensure that customers as well as shareholders of the company are delighted. Due to these well thought strategies, company has a record of selling 50 million + two wheelers which has made company a world's fastest two wheeler company to achieve this in a shorter time duration.

Honda Motorcycle and Scooter India Private Limited (HMSI):

1. Since 1959, Honda is one of the world's largest motorcycle manufacturer which has reached the production mark of 400 million by the end of FY 2019.
2. It is world's largest manufacturer of internal combustion engines measured by volume. It produces more than 14 million engines each year.
3. Besides motorcycle and automobile business, Honda manufactures marine engines, garden equipments, personal watercraft and power generators. Since 1986, Honda has been into research of robotics. Artificial intelligence and released their robot ASIMO in the year 2000.
4. Honda has also ventured into aerospace with the establishment of GE Honda Aero Engines in 2004 and the Honda HA-429 Honda Jet in 2012.
5. In 2017, India became the largest motorcycle market of Honda. In India, Honda is leading in the scooters segment, with 59 percent market share
6. Honda has been active in motorsports, like Formula One, the Motorcycle Grand Prix and others.

Sales and Sales Growth of HMSI

Honda Motors has seen a rising trend in the sales of its vehicle. The following table shows the data related to sales and sales growth of the company:

Table No. 1.3

Sales and Sales Growth of Honda Motors since 2005-06

Year	Sales (Nos.)	Sales Growth	Year	Sales (Nos.)	Sales Growth
2011-12	3432456	7 %	2015-16	4314558	3 %
2012-13	3598764	5 %	2016-17	4829077	12 %
2013-14	3876543	8 %	2017-18	5794893	20 %
2014-15	4172717	8 %	2018-19	59,00,840	2 %

Source: collated from Annual Reports of HMSI From 2011-12 to 2018-19

Interpretation:

1. The sales growth of HMSI has always been positive since 2011-12
2. The highest growth in the sales was recorded in the year 2017-18 when the growth of 20 per cent was witnessed
3. HMSI crossed 5 million mark of sale of two wheelers in 2016-17

Business Strategies of HMSI:

1. After coming out of Joint Venture with Kinetic Engineering Ltd. (KEL), Honda Motors Company Ltd. (HMCL) planned to launch its own two wheelers and in 1999 HMCL established HMSI. Initial

investment of Rs. 3 billion was made to establish a plant which had an annual capacity of producing 200000 units.

2. Because of its joint venture with Hero Group and KEL, Honda was already a well-known brand, rather than putting extra efforts in brand building, it emphasized on developing innovative products, to work on making prices competitive, launching novel promotional campaigns and development of extensive distribution network.

3. Honda's strategy is to have full line-up covering right from the entry level low-cost motorcycle to a motorcycle for people with strong taste and fun elements into it.

TVS Motors Ltd.:

- In early 2015, TVS racing was the first Indian factory team to participate in the Dakar Rally, which was the world's longest and most dangerous rally. It not only participated but also won Raid de Himalaya and the FOX Hill Super Cross that was help at Sri Lanka
- In 2016 the company started manufacturing the BMW G310R which is model developed after strategic partnership with BMW Motorrad. In 2018, Hosur plant manufactured its 50000th G310R series unit.
- In 2017 company launched Apache RR310, the most awaited motorcycle, in an event at Chennai. Apache RR310 is a 310 cc motorcycle with an engine that is co-developed with BMW. It features full fairing, dual-channel ABS, EFI, KYB suspension kits and so on. The motorcycle is expected to give a tough competition to KTM RC 390, Kawasaki Ninja 250S1, Bajaj Pulsar and Honda CBR 250R. The noticeable feature of the bike is that it is designed and realized completely in India itself.
- In April 2020, the company acquired Norton Motorcycle Company in an all-cash deal.
- 2018-19 was the year when company continued to grow ahead of the industry and achieved its highest sales ever
- The Company continues to lead in customer satisfaction and has been top ranked in JD Power Two-wheeler Customer Service Index (2WCSI) since its inaugural study in 2016. The Company continues to delight its existing and new customers with product refreshes and new products

Sales and Sales Growth of TVS Motors Ltd.:

TVS Motors Ltd. has seen a rising trend in the sales of its vehicle. The following table shows the data related to sales and sales growth of the company:

Table No. 1.4

Sales and Sales Growth of TVS Motors Ltd. Since 2011-12

Year	Sales (Nos.)	Sales Growth	Year	Sales (Nos.)	Sales Growth
2011-12	2198142	7.41%	2015-16	25,68,789	6.60%
2012-13	22,01,627	0.16%	2016-17	29,27,546	13.97%
2013-14	23,93,267	8.70%	2017-18	33,67,756	15.04%
2014-15	24,09,789	0.69%	2018-19	37,57,000	11.56%

Source: Collated from Annual Reports of TVS Motors Ltd. (2005-06 to 2018-19)

Interpretation:

1. The sales volume of the company has always been increasing
2. 2018-19 was the year when company continued to grow ahead of the industry and achieved its highest sales ever
3. The Company continues to lead in customer satisfaction and has been top ranked in JD Power Two-wheeler Customer Service Index (2WCSI) since its inaugural study in 2016. The Company continues to delight its existing and new customers with product refreshes and new products

Business Strategies of TVS Motors Ltd.:

1. The company enjoys 10 percent market share.
2. It is one of the fast growing companies in scooter market in India.
3. The company has strategies such as new launches and innovative customers connect programs. It mainly serves rural areas.
4. Also another strategy of the company is to focus on just one market like it does only in India. But this is proving to be a drawback for the company as it has failed to mark its global presence.

Conclusion:

Due to unfolding of liberalization and globalization, there has been a tough competition among the players of automobile industry. The players are focusing attention in covering the Indian markets as automobiles are no more luxury products but it has become a necessity in day- to- day life. Even the attitudes of the customers have changes as they have realized that yesterday's luxury is today's necessity. To be a successful marketer it is absolutely essential to study the perceptions of the prospective buyers and track their drivers of those perceptions. Also it is necessary to study various related aspect with the manufacturing of two wheeler and consumer perception. It is necessary to cover detailed study about Business Strategies adopted by manufacturers to meet the expectations of the customers. Studying the Business Strategies of top sellers can help other competitors to know where they are lagging behind and they can alter or modify their strategies accordingly.

References:

1. (<https://www.capitalmarket.com/Company-Information/Information/About-Company/Hero-MotoCorp-Ltd./237>)
2. Velury Vijay Bhasker (2013) Indian Auto Component Industry: A Decade of Growth and Way Forward, Research Journal of Management Sciences ,Vol. 2(3), pg.23, March (2013)
3. <https://www.referenceforbusiness.com/history2/67/Honda-Motor-Company-Limited.html#ixzz6Y2fYeyAW>
4. Mahipat Ranawat and Rajnish Tiwari (2019), Influence of Government Policies on Industry Development: The Case of India's Automotive Industry ,Working Paper No. 57
5. economictimes.indiatimes.com
6. Shinde, D. G. (2015). Automobile Industry and performance of key players. Asian Journal of Technology & Management Research , Vol. 01, Issue: 02, Pg. 46
