

Highlights of the indian two wheeler segment marketing essay



India is the second largest producer of two-wheelers in the world. There has been significant growth in the Indian two wheeler industry over the few years. China and Japan are followed by India in rank with respect to production and sales.

The two wheeler industry comprises of players like Bajaj Auto, Hero Honda, TVS Motor, Yamaha Motor, Kinetic and others. The two wheeler segment has enabled significant growth and has given a thrust to the automobile industry in India with respect to production, sales and exports of the two wheelers.

Research suggests that two wheelers are amongst the most sought after automobiles in India. The economic growth, need for better conveyance and improvement in the road infrastructure coupled with better credit and financing options, have been a major catalyst in the growth and development of the two wheeler segment in India. Further, the new and improved features on the two wheelers, their stylish and trendy looks and a rage with the country's youth have formed a substantial influence in determining the consumer behaviour. This has thus ensured that the two wheelers remain on top of the automobile industry's agenda in India.

KEY HIGHLIGHTS OF THE INDIAN TWO WHEELER SEGMENT

The production of two wheelers in India is expected to reach a staggering 17.85 million units by 2011-12.

The two-wheeler production capacity is forecasted to reach 22.31 million units in 2011-12 compared with 10.78 million in 2006-07.

India is likely to export 1.39 million two-wheelers in 2011-12.

Hero Honda, Bajaj Auto and TVS Motor remain the leading players in terms of sales and popularity of their two wheelers.

Figure 1: Automobile Market Composition 2008-09

The above graphic shows the breakup of production of automobile in India. Domestic sales of two-wheelers form a major chunk at 76 percent of total sales. Hero Honda and Bajaj Auto are the leaders in the two wheeler market in India.

Favourable demand and supply were the key drivers in the healthy year on year volume growth of 21.9 percent during the period April 2009 – January 2010. While on one hand, a steady revival in economic activity, low excise duties, low interest rates and relatively higher disposable incomes enabled the demand pull, on the other hand, it was the launch of new products and product variants by manufacturers, targeted marketing spends and expansion of customer touch points, that provided the complementary supply push. The above growth is significant in the backdrop of a negative volume growth of 5 percent witnessed in 2007-08. This occurred following an increase in interest rates and a sudden reduction in the availability of finance with a volume growth of 4.6 percent in 2008-09. Within the two-wheeler industry, the entry-segment of motorcycles was hit the hardest as financial institutions tightened their credit norms. This was mainly due to relatively weaker credit profiles. Though the growth rate was moderate in 2008-2009, the industry is expected to be on track for a healthy annual growth,

supported by a combination of favourable demand drivers in the domestic market and strong exports growth, in the near future.

The performance of the two-wheeler industry in 2009-2010 has been quite strong, although sustaining the momentum over the near term would hinge on the longevity of various demand/supply enablers. Besides, the industry has been evolving, as evident from the increase in the competitive intensity and the shift in centres of growth. The manufacturers have been repositioning products and realigning their portfolios, creating products to serve new market segments, and placing greater emphasis on the rural and semi-urban markets to achieve growth.

The two-wheeler market in India comprises of 3 types of vehicles, namely motorcycles, scooters and mopeds. Foreign collaborations have been playing a major role in the growth of the Indian two-wheeler market, and most of them are Japanese firms. The modern two-wheeler firms in India have been manufacturing new categories of two wheelers such as Step Thrus and Scooterettes. These two wheelers have been produced by combining two or more two-wheeler segments. Foreign firms have already taken initiatives to own their two-wheeler subsidiaries in India.

INDUSTRY COMPOSITION

Motorcycles account for bulk of two-wheeler sales in India

Two-wheeler sales in India are spread across three main product categories: motorcycles, scooters, and mopeds. While in the previous decade, scooters were the largest selling product category, in the current one, consumer preferences appear to have shifted decisively in favour of motorcycles, which

now account for over 80 percent of total two-wheeler sales in India. The rural market, a key demand driver for the two-wheeler industry as a whole, has been a significant contributor to the shift in preference towards motorcycles. With their longer wheel base and better mileage, motorcycles enjoy preference over scooters, especially in country-sides, as they ride well over long distances and uneven roads, besides being perceived to have a superior style quotient. However, given the practicality of scooters, especially in urban areas, their demand is likely to be sustained. As a product category, scooters have also undergone an image makeover, having metamorphosed into vehicles with cleaner technology, gearless options, and features targeted at female commuters.

MOTORCYCLES

Higher segment motorcycles in gain prominence although entry-level bikes remain volume leaders

Motorcycle models with a sticker price of up to Rs. 40, 000 comprise the ' entry-price segment', which largely consists of 100cc bikes. This segment is currently dominated by the CD Deluxe model of Hero Honda Motor Limited (HHML) and Platina of Bajaj Auto Limited (BAL). The two wheelers being a relatively small ticket item, has customers usually belonging to the most vulnerable and economical section, within the universe of motorcycle buyers. The segment's profitability for two-wheeler manufacturers declined in 2007-08, with volumes falling and price competition getting more intense. The Rs. 40-50, 000 ' mid-price segment' is largely concentrated around 100-135cc models of various players and account for bulk in volumes, which is approximately 63 percent in motorcycles. HHML remains a strong market

leader in the mid-price segment with its highly successful Passion and Splendor models. BAL has Discover and Pulsar 135 in this range. The 'premium price segment' (Rs. 55, 000 and above) is currently dominated by BAL with its Pulsar range of motorcycles.

Chart 1: Trend in Sales Mix (Volumes) of Motorcycle Models by Price Range

Source: SIAM, ICRA's estimates

Sales in the entry segment (Rs. 35-50, 000 range) remained lacklustre in 2007-08 and 2008-09 with BAL diminishing its focus on the 100cc segment and most financial institutions displaying a lack of keenness to finance low-ticket loans. Nevertheless, sales in the entry segment, which accounted for 69 percent of the total motorcycle sales volumes in 2008-09, have received support in the current fiscal from new model launches in the segment and renewed focus being placed on the rural market where sales are largely cash driven. The executive segment, on the other hand, continues to report growth in double digits, as a result of which, the share of this segment in total motorcycle sales grew from 21 percent in 2006-07 to 30 percent in 2008-09.

HERO HONDA

Hero Honda Motors Ltd is an Indian manufacturer of motorcycles and scooters, which is also the third largest manufacturer of motorcycles after Honda and Yamaha. The brand name 'Hero', was derived by the Munjal brothers, since the existence of the company, Hero Cycles, in the year 1956.

Hero Honda Motors Ltd, chaired by Mr. Brijmohan Lal Munjal, was incorporated in the year 1984, following a joint venture between the Hero Group of India and Japan-based company, Honda Motor Company Ltd.

The company has its manufacturing plants at Dharuhera and Gurgaon in the North Indian state of Haryana. Its third manufacturing unit was started in April 2008 at Haridwar, Uttaranchal. The unit has production facilities such as lean manufacturing concept, flexible lines and streamline material flows.

The company has been technological savvy, with the manufacturing of fuel-efficient, environment-friendly four stroke two wheelers. It was the first company to introduce the Fuel Injection (FI) technology with the launch of Glamour FI in June 2006.

Hero Honda's mission is " to strive for synergy between technology, systems and human resources, to produce products and services that meet the quality, performance and price aspirations of its customers. At the same time maintain the highest standards of ethics and social responsibilities."

The company is in the manufacturing of motorcycles that are low powered and fuel efficient.

Their product portfolio includes:

CD - Dawn

CD Deluxe

Pleasure

Splendor+

Splendor NXG

Passion Pro

Passion Plus

Super Splendor

Glamour

Glamour PGM F1

Achiever

CBZ X-TREME

Hunk

Karizma

Karizma ZMR

MARKET PRESENCE – INDIA

Hero Honda has maintained a strong foothold in the Indian two wheeler market. With the base of 37.72 million units, the company recorded a growth of 23.6 percent, with sales of 4.6 million year ended 2009. Hero Honda has a presence of 48 percent in the domestic two wheeler market and 51 percent in the motorcycle market in India.

Hero Honda has segregated the motorcycle division into three segments namely entry, deluxe and premium. The entry segment recorded a growth of 20 percent with a market share of 45 percent and sales of over 6.13 lakh units.

The deluxe segment recorded a growth of 29 percent with a market presence of 66 percent. This segment garnered sales of over 71 percent in the motorcycle market.

The overall motorcycle premium segment recorded sales of 11.23 lakh units in the year 2010, in comparison to 7.75 lakh units in 2009. This segment has a market presence of 15 percent in the domestic motorcycle market in 2010, in comparison to 13 percent in the market in 2009.

The company's premium segment has a decent foothold in the market with a growth of 29 percent. But there was a considerable decline from 24 percent to 21 percent in the market share of the segment in 2010 in comparison to that of last year.

In the scooter segment, Hero Honda's Pleasure, recorded a growth of 37 percent with a market share of 13.9 percent and sales of 2.08 lakh units. Splendor continues to be the largest selling bike in the two wheeler segment with sales of 2 million, with Passion and CD-Deluxe closing heels with sales of 1.2 million and 5.7 lakh units respectively.

MARKET PRESENCE – GLOBAL

Hero Honda has launched new models of its two wheelers in countries like Sri Lanka, Columbia and Bangladesh. The company recorded a sales growth of

20 percent in the international two wheeler market along with a growth of 23 percent in the international spare parts business. With a view to strengthen its foothold in the international market, the company initiated a 20-day sales cum training module for all overseas managers at the Hero Honda Learning Centre in Gurgaon. There are many service networks across many countries, with automated workshops in Bangladesh. The Sri Lankan army also relies on the ruggedness of the Hero Honda two wheelers and uses its products as well.

STRATEGIES

The company is involved in a lot of initiatives as a part of its branding and CRM strategies. One of its CRM initiatives, Hero Honda Passport Program, has over three million customers as members. The initiative has proven largely successful to Hero Honda, wherein the company understands its customers and delivers value at customized price points. The initiative has also helped the company in creating a loyal community of the brand ambassadors of their two-wheeler vehicles.

Hero Honda caters to the premium segment and emphasizes on its aggressive pricing strategies for volume growth. These strategies, wherein Hero Honda strives to offer reasonably priced two wheelers with excellent customer service, have helped the company to benchmark itself against its closest competitors like Bajaj (Kawasaki JV) and TVS-Suzuki. The company has initiated a program for the female customers of Hero Honda by the name, Hero Honda GoodLife Lady Rider Club. The customers have the privilege of availing offers by the company on a periodic basis. The company has a customer base of over 57 lakhs as a part of the GoodLife program.

The company has constantly endeavored to innovate in all areas of activities ranging from expanding their product portfolio across three segments namely entry, deluxe and premium, venturing into untapped markets, developing their network to investing highly in brand building. The company has expanded its sales and service network with authorized dealerships, service and spare parts outlets all over the country.

The company has been investing hugely for its branding building and promotional activities. These activities are not restricted to launches of their new products but also involve investment in marketing initiatives pertaining to sports like cricket, hockey and golf and entertainment through sponsorships of these events. It aims to promote sports at the grass root level. Hero Honda has used television as a medium on a large scale for their publicity and promotional activities.

SPORTS

Hero Honda was the title sponsor of the FIH Hockey World Cup, which was held in March 2010. The company is also the presenting partner of the Queen's Baton Relay and also the partner for the Commonwealth Games Delhi 2010. Col. Rajyavardhan Singh Rathore, the Ace Shooter and silver medalist at the Olympics is the brand ambassador of Hero Honda. The company has been in close association with the game of cricket for many years and has been one of the partners of the DLF Indian Premier League (IPL). Furthermore, it is also the official sponsor of one of the IPL teams, Delhi Daredevils. Hero Honda has been one of the main global partners of the International Cricket Council (ICC) for all the One Day International

Tournaments (ODIs), Champion Trophy and Twenty20 World Cup. Former
<https://assignbuster.com/highlights-of-the-indian-two-wheeler-segment-marketing-essay/>

Captain of the Indian Cricket Team, Saurav Ganguly was the Brand Ambassador for Hero Honda. Presently, Virender Sehwag, Suresh Raina, Gautam Gambhir, Irfan Pathan, Manoj Tiwary, Ishant Sharma are the brand ambassadors of the company. The company has also been promoting the game of golf on a large scale by sponsoring the Indian Open Golf Tournament in a three-year agreement, with participation from international players. The agreement has been signed with the World Sport Group, which is the promotor of the event, scheduled to be played at the Delhi Golf Club from October 2010. With a view to support new talent in the sport of golf, Hero Honda has appointed Indian golf players like Anirban Lahiri, Gaganjeet Bhullar and Shiv Kapur as brand ambassadors of the company. Additionally, the company is also the title sponsor for the AIFF (The All India Football Federation) for the 2009-10 tournament.

ENTERTAINMENT

Hrithik Roshan, Indian film actor, is the brand ambassador of Hero Honda's premium two wheeler- Karizma. In terms of their advertising, the company has invested largely in print advertisements and TV commercials. Hero Honda was the official sponsor for the reality event - Campus Idols and TerraQuiz. It has also been the title sponsor for the singing reality show - Sa Re Ga Ma Pa Challenge, telecasted on Zee television and for the adventure reality show - Roadies, telecasted on MTV. The company is currently the title sponsor of the ongoing singing reality show, Sa Re Ga Ma Pa Superstar, telecasted on Zee Television. It has also been the title sponsor of the Awards show - Star Screen Awards, telecasted on Star Television.

RURAL MARKETING INITIATIVES

Hero Honda tapped into the interiors of the country, with an aim to penetrate a larger market with their two wheelers, especially in the rural areas. The company uses IT for the co- ordination with the channel partners and updation of the sales details of two wheelers in the rural areas. This helps the company in demand forecasting of the two wheelers in the region. They initiated programs like Har Gaon, Har Aangan and Service Har Jagan, in the rural areas of few states in India. There is a network of over 2000 rural sales channel partners set up by Hero Honda, who constantly extend these programs on the state and the national level. As a part of the Ride Safe Programs, the company has appointed rural sales executives, who conduct free check-ups, bike camps, loan melas, test ride camps, awareness camps on programs like Genuine Spare Parts, GoodLife Program, Hero Honda Advantage and educate people on safety riding, maintenance etc. Hero Honda also conducted these camps in association with Monsanto, Godrej Aadhar, IIFCO etc all across the country. Through these programs, Hero Honda aims to escalate the volume growth of their two wheelers. Additionally, the company has set up many kiosks and displays in the DCM Hariyali Kisaan Bazaar Centres in the rural areas in the Indian states of Uttar Pradesh, Madhya Pradesh, Haryana, Punjab and Uttaranchal, as a part of its branding activities.

INDUSTRY COMPARISON

Competitor's products as compared to Hero Honda (as on Jan2010)

Competitor's Sales as compared to Hero Honda (source: Annual Reports, press releases and www. bikeadvice. in)

HERO HONDA V/S COMPETITORS

Hero Honda achieved highest monthly sales of 4, 35, 933 units in May 2010.

May 2010 was the 17th consecutive month where the company had sold more than 3 lakh units and the 4th month where the company recorded sales of over 4 lakh units. Hero Honda total sales grew merely by 2. 28 percent in August 2010 in comparison to August 2009. Total sales stood at 4, 24, 617 units in August 2010 in comparison to 4, 15, 137 units in August 2009. Hero Honda's Pleasure contributed more than 27, 000 units.

However, company's share in the 100cc market has reduced from 69 percent in August 2009 to 64 percent currently majorly gulped by Bajaj's Discover 100 and HMSI's Twister.

This is the fourth consecutive month where company has recorded more than four lakhs dispatch. According to company officials the growth will maintain this trajectory in the coming months. The company also said that sales may grow at lower pace in second half of the year due to higher interest rates. Notably, the company has installed capacity of 5. 6 million units per annum with 3 manufacturing plants and it has goal of selling 5 million units in current fiscal up 8. 7 percent from last year. The company is also looking for setting up 4th manufacturing plant.

BAJAJ AUTO

Bajaj Auto, a Pune-based company, has been performing well, with steady and consistent growth in sales chart month after month. Bajaj Auto total

sales grew by 54.58 percent in August 2010 in comparison to August 2009. Total sales for August 2010 stood at 3,29,364 units (highest ever monthly sale), in comparison to 2,13,072 units in August 2009. Motorcycles sales stood at 2,89,176 units in August 2010 up 56.50 percent in comparison to 1,82,441 units in August 2009. Domestic sales stood at 2,30,786 units up 67.35 percent in comparison to 1,37,908 units in August 2009. Exports stood at 98,578 units up 31.15 percent in comparison to 75,164 units in August 2009.

The Company has attributed this growth to its Pulsar and Discover brands. Sales of Pulsar brand stood close to 83,000 units and that of Discover stood at 1.27 lakh units. The company also claimed that production constraints limited the sale of its two wheelers. The company aims to cross sale of 3 lakh units of motorcycle in September 2010. The company has a goal of selling 4 million units in current fiscal. It is also working out possibilities for Tri-alliance with KTM and Kawasaki to share technology and production platform. A final decision on this alliance is expected to be taken by end of current year, with Bajaj aiming to cross sales of 3 lakh units.

Highlights for 2009-10 versus 2008-09: Bajaj Auto

2009-10 has seen a record year for Bajaj Auto in terms of highest ever sales, exports, profits and margins.

Net sales and other operating income grew by 35 percent to Rs. 119.21 billion.

The year saw record sales of 2.85 million units – over 2.5 million motorcycles and 340,937 three-wheelers.

<https://assignbuster.com/highlights-of-the-indian-two-wheeler-segment-marketing-essay/>

Exports rose by 15 percent to 891, 002 units.

The Company's operating EBITDA stood at Rs. 25. 93 billion, a growth of 116 percent over last year. The operating EBITDA margin was 21. 7 percent of net sales and other operating income for 2009-10.

Operating profit before tax (PBT) grew by 170 percent to Rs. 22. 89 billion.

Profit after tax (PAT) grew by 160 percent to Rs. 17. 03 billion.

Surplus cash and cash equivalents in the Company's balance sheet as on 31 March 2010 stood at Rs. 32. 6 billion, versus Rs. 9. 3 billion on 31 March 2009.

Financial Highlights

TVS MOTOR

TVS Motors total sales grew by 33. 51 percent in August 2010, in comparison to that of August 2009. Total sales for August 2010 stood at 1, 70, 735 units (highest ever monthly sale) compared to 1, 27, 875 units in August 2009.

Motorcycles sales stood at 66, 574 units in August 2010 up 30. 21 percent in comparison to 51, 127 units in August 2009. Scooters sales stood at 40, 913 units up 43. 14 percent in August 2010 in comparison to 28, 582 units in August 2009. Domestic sales stood at 1, 48, 081 units up 28. 66 percent in August 2010 in comparison to 1, 15, 095 units in August 2009. Exports stood at 19, 028 units up 61. 98 percent in August 2010 in comparison to 11, 747 units in August 2009. TVS recent launches Jive and Wego have received good response from the market. The company aims to sell over 2 million units in

this fiscal. The company is also looking to expand its installed capacity to 2.8 million units.

Financial Highlights (in crores)

HONDA INDIA

HMSI total sales grew by 37.63 percent in August 2010 in comparison to August 2009. Total sales for August 2010 stood at 1,32,330 units compared to 96,149 units in August 2009. Motorcycles sales stood at 56,659 units in August 2010 up 52.69 percent compared to 37,108 units in August 2009. Scooters sales stood at 75,671 units in August 2010 up 28.17 percent compared to 28,582 units in August 2009. The company is engaged in setting up its second manufacturing plant at Alwar in Rajasthan which will have installed capacity of 6 lakhs units per annum. The company is also planning to launch a low cost bike which will be priced lower than the price of CB Twister.

YAMAHA

Yamaha Motor total sales grew by 29.76 percent in August 2010 in comparison to August 2009. Total sales for August 2010 stood at 30,450 units compared to 23,466 units. Domestic sales for August 2010 stood at 22,672 units up 16.22 percent in comparison to 19,508 units in August 2009. Exports stood at 7,778 units up 96.51 percent in comparison to August 2009. The company is optimistic that its recent launches like SZ, SZ-X and YBR 125, will contribute to its growing sales numbers. Yamaha also claimed that their entry level 110cc bike YBR also received a good response along

with the FZ series of premium bikes both in the domestic and international market.

SUZUKI

Suzuki Motorcycle India Pvt Ltd, the fully owned subsidiary of Suzuki Motor Corporation recorded total sales growth of 29.76 percent in August 2010 in comparison to August 2009. Total sales for August 2010 stood at 30,450 units in comparison to 23,466 units in August 2009. Domestic sales for August 2010 stood at 22,672 units up 16.22 percent in comparison to 19,508 units in August 2009. Exports stood at 7,778 units up 96.51 percent in comparison to August 2009. The company is optimistic that its recent launches such as of SZ, SZ-X and YBR 125, will contribute to its growing sales numbers. Suzuki is also planning to launch new products in India concentrating more on entry level bikes to boost volumes, following its success with its premium two wheelers, Super Sports GSX100R and versatile Bandit at very competitive price tags in India.

MAHINDRA TWO WHEELERS

Mahindra Two Wheelers recorded a sales growth of 278.65 percent in August 2010. The company had sold 15,165 units of scooters in August 2010 in comparison to 4,005 units in August 2009. In 2010, the company crossed a landmark of 1,00,000 units of its two wheelers. The company has signed Indian film actor, Aamir Khan as the brand ambassador of their new set of two-wheelers, which are yet to be launched in the market.

HERO HONDA'S KEY ADVANTAGES OVER COMPETITORS

Existing Market Dominance

Hero Honda has 48 percent market share in the two wheeler market and 59 percent in the motorcycle market.

In 2010, the company recorded highest ever annual revenues, operating income and earnings per share.

The company has a network of 4500 plus customer touch points with all main dealerships now converted into 4S(Sales, Service, Spares and safety) dealerships.

Plant Capacities

As of 2010, the plant capacity of Hero Honda is to produce 52, 00, 000 units in comparison to Bajaj Auto's and TVS's capacity of producing 42, 00, 000 units individually.

Aggressive Advertising

In comparison to other brands, Hero Honda is more aggressive in its advertising campaigns.

Brand associations with MTV Roadies, Sa Re Ga Ma Pa, DLF Indian Premier League, Delhi Daredevils sponsorship, Hockey World cup, being global partners of ICC (International Cricket Council) for its events like World Cup, T20 World Cup, Champions Trophy, and Hero Honda Open Golf Tournament, give it an edge.

HERO HONDA'S KEY DISADVANTAGE OVER COMPETITOR'S

Export Performance: Revenue from abroad

Hero Honda's exports account for only 11 percent of two wheeler sales compared to Bajaj Auto's exports of 28 percent of its total sales.

Reducing market share in premium bike segment

Hero Honda has not been able to increase its sales at a constant rate in premium bike segment, mainly due to Bajaj Auto's Pulsar (market share increased from 17 percent to 31 percent in this segment)

Hero Honda's market share declined from 24 percent to 21 percent in this segment in 2009-2010.

Threat of technology degradation – Dependence on Honda

Japanese Auto major has decided to exit the highly-profitable Hero Honda JV.

Brijmohan Lal Munjal group is going to buy out Honda's entire 26 percent stake.

FUTURE STRATEGY

In 1942, the economist Joseph Schumpeter, first used the phrase 'Creative Destruction' to describe the constant evolution of free market economy. He described how new and better ways of doing business would be created and old methods would eventually be discarded. Creative destruction is now being applied more frequently to descriptions of very structure of organizations in the twenty first century. The philosophy of the customer has completely changed and India today sees customer satisfaction as the most

<https://assignbuster.com/highlights-of-the-indian-two-wheeler-segment-marketing-essay/>

creative side of business. Organizational competitiveness is determined by its ability to meet changing customer needs better than others. In a rapidly changing society, under the influence of a number of socio-techno-economic factors, it is almost impossible for any organization to build competitiveness on all the value links. However, new paradigms created by the Technology have opened up new possibilities for redefining value networks.

In a survey done by Accenture, ' High Performance in the Age of Customer Centricity', customer service scored above price as a global driver of customer churn. Expectations were higher in the developing markets like China, India and Brazil, where many companies look for growth. The Indian growth story has not only lead to increase in demand of products and services but has also catered to meet customer expectations. As Peter Drucker quotes

“ Quality in a service or product is not what you put into it. It is what the client or customer gets out of it”

Companies across various sectors are finding it increasingly challenging to meet customer demand and expectations. 87 percent consumers in emerging markets believe that the increased use of technology has improved customer service.

Hero Honda has been a pioneer in various customer loyalty initiatives and plans to inculcate various programs to increase the same.

GOODLIFE PROGRAM

Hero Honda has plans to upgrade the Hero Honda Good Life program and turn it into a world class and contemporary CRM initiative. The real time program would be a magnetic card- based program, wherein customers can connect to the program from anywhere in India. It will offer incremental points to members on showroom spend and provide additional revenues. It will allow easy redemptions and special membership privileges and will incorporate many other offers. There will be an interactive website in which the channel partners and members would have easy access to the website. This will thereby increase customer interaction and help in enhancing customer relationships.

LEARNING AND INNOVATION

To enhance customer experience at all the touch points, Hero Honda has intensified focus on sensitising customer facing teams. Customised training programs for dealers and their staff are being developed and deployed. Over 20 new and customised programs are developed and shared with the dealers and their staff every year.

FRONT END EXPERIENCE

Hero Honda had launched visual identity concept keeping in view the evolving customer needs and changing retail Landscape. The new program will offer new age design to cater to different space requirement and to enhance and enriches their overall experience with Hero Honda.

HERO HONDA DREAMS ‘ NANO’

Hero Honda plans to explore possibilities of a low-cost four wheeler in the car segment, parallel to the Nano concept. Further, it also plans to venture into the low-cost segment with the launch of an ultra low cost two wheeler in the bike market. The company plans to price the bike to approximately Rs. 20,000, with comparatively smaller engines. Through this launch, the company aims to benchmark itself against its competitor, Bajaj, with the latter introducing ‘ Made in China’ cheaper bikes for first the African and then Indian market.

Additionally, the company plans to manufacture and design two engines namely 75cc and 110cc.

FLEX FUEL MOTORCYCLE

Hero Honda plans to introduce the concept of developing flex fuel motorcycles India. This concept was widely used in Brazil, where the company launched CG150 TITAN MIX. The flex fuel motorcycle features Honda’s proprietary Mix Fuel Injection system, which consist of considerable proportion of gasoline and ethanol. The price and weight of the vehicle has been reasonable and light respectively. The flex fuel motorcycle system enabled the reduction of CO2 emissions along with operating costs.

ELECTRIC SCOOTERS

With a view to address the issue of global warming and reduce exhaust emissions, Hero Honda has been engaged in the research and development of alternative motorcycle power sources. In the year 1994, Honda developed

electric scooters, The CUV ES, which were leased to government institutions.

In the year 2004, the company announced the develo