

Comparative study of bajaj and hero honda



Bajaj Auto limited is one of the largest two wheeler manufacturing company in India apart from producing two wheelers they also manufacture three wheelers. The company had started way back in 1945. Initially it used to import the two wheelers from outside, but from 1959 it started manufacturing of two wheelers in the country. By the year 1970 Bajaj Auto had rolled out their 100, 000th vehicle. Bajaj scooters and motor cycles have come an integral part of the Indian milieu and over the years have come to represent the aspirations of modern India. Bajaj Auto also has a technical tie up with Kawasaki heavy industries of Japan to produce the latest motorcycles in India which are of world class quality The Bajaj Kawasaki eliminator has emerged straight out of the drawing board of Kawasaki heavy industries. The core brand values of Bajaj Auto limited includes Learning, Innovation, Perfection, Speed and Transparency.

Bajaj Auto has three manufacturing units in the country at Akurdi, Waluj and Chakan in Maharashtra, western India, which produced 2, 314, 787 vehicles in 2005-06. The sales are backed by a network of after sales service and maintenance work shops all over the country.

Bajaj Auto has products which cater to every segment of the Indian two wheeler market Bajaj CT 100 Dlx offers a great value for money at the entry level. Similarly Bajaj Discover 125 offers the consumer a great performance without making a big hole in the pocket.

Registered under the Indian Companies Act, VII of 1913

REGISTERED OFFICE

Akurdi, Pune 411 035

WORKS

Akurdi, Pune 411 035

Bajaj Nagar, Waluj Aurangabad 431 136

Chakan Industrial Area, Chakan, Pune 411 501

Type

Public

Founded

1945

Headquarter

Pune, India

Key people

Rahul Bajaj(Chairman)

Revenue

Rs. 1, 01, 063 billion (2006) or USD1. 87 billion

Net income

Rs. 17, 016 billion

2HYPERLINK “../..../..../..../..../C:/Documents and Settings/CIET/My Documents/Bajaj vs Hero Honda/New Folder/Bajaj_Auto.htm#Scooters#Scooters” Scooters

3HYPERLINK “../..../..../..../..../C:/Documents and Settings/CIET/My Documents/Bajaj vs Hero Honda/New Folder/Bajaj_Auto.htm#Motorcycles#Motorcycles” Motorcycles

4HYPERLINK “../..../..../..../..../C:/Documents and Settings/CIET/My Documents/Bajaj vs Hero Honda/New Folder/Bajaj_Auto.htm#Upcoming_Models#Upcoming_Models” Upcoming Models

5HYPERLINK “../..../..../..../..../C:/Documents and Settings/CIET/My Documents/Bajaj vs Hero Honda/New Folder/Bajaj_Auto.htm#New_Image#New_Image” New Image

6HYPERLINK “../..../..../..../..../C:/Documents and Settings/CIET/My Documents/Bajaj vs Hero Honda/New Folder/Bajaj_Auto.htm#Forbes_Global_2000_Ranking_-_2005#Forbes_Global_2000_Ranking_-_2005” Forbes Global 2000 Ranking - 2005

7HYPERLINK “../..../..../..../..../C:/Documents and Settings/CIET/My Documents/Bajaj vs Hero Honda/New Folder/Bajaj_Auto.htm#External_links#External_links” External links

8HYPERLINK “../..../..../..../..../C:/Documents and Settings/CIET/My Documents/Bajaj vs Hero Honda/New Folder/Bajaj_Auto.htm#References#References” References

Company's history

Bajaj Auto came into existence on November 29, 1945 as M/s Bachraj Trading Corporation Private Limited. It started off by selling imported two- and three-wheelers in India. In 1959, it obtained license from the Government of India to manufacture two- and three-wheelers and it went public in 1960. In 1970, it rolled out its 100, 000th vehicle. In 1977, it managed to produce and sell 100, 000 vehicles in a single financial year. In 1985, it started producing at Waluj in Aurangabad. In 1986, it managed to produce and sell 500, 000 vehicles in a single financial year. In 1995, it rolled out its ten millionth vehicle and produced and sold 1 million vehicles in a year.

Timeline of new releases

1971 - three-wheeler goods carrier

1972 - Bajaj Chetak

1976 - Bajaj Super

1977 - Rear engine Autorickshaw

1981 - Bajaj M-50

1986 - Bajaj M-80, Kawasaki Bajaj KB100

1990 - Bajaj Sunny

1994 - Bajaj Classic

1995 - Bajaj Super Excel

1997 – Kawasaki Bajaj Boxer, Rear Engine Diesel Autorickshaw

1998 – Kawasaki Bajaj Caliber, Legend(India's first four-stroke scooter)

2000 – Bajaj Saffire

2001 – Eliminator, Pulsar

2003 – Caliber115, Bajaj Wind 125, Bajaj Pulsar

2004 – Bajaj CT 100, New Bajaj Chetak 4-stroke with Wonder Gear, Bajaj Discover DTS-i

2005 – Bajaj Wave, Bajaj Avenger, Bajaj Discover

2006 – Bajaj Platina 2007 – Bajaj Pulsar-200

Upcoming Models

Bajaj Pulsar 220 DTS-Fi

Bajaj Krystal

Bajaj Blade

Bajaj Sonic

New Image

The company, over the last decade has successfully changed its image from a scooter manufacturer to a two wheeler manufacturer, product range ranging from Scooterettes to Scooters to Motorcycle. Its real growth in numbers has come in the last 4 years after successful introduction of a few

models in the motorcycle segment. The company is headed by Rahul Bajaj who is worth more than US\$1.5 billion.

History of Hero Honda

India has the largest number of two wheelers in the world with 41.6 million vehicles. India has a mix of 30 percent automobiles and 70 percent two wheelers in the country. India was the second largest two wheeler manufacturer in the world starting in the 1950's with the birth of Automobile Products of India (API) that manufactured scooters. API manufactured the Lambrettas but, another company, Bajaj Auto Ltd. surpassed API and remained through the turn of the century from its association with Piaggio of Italy (manufacturer of Vespa).

The license raj that existed between the 1940s to 1980s in India, did not allow foreign companies to enter the market and imports were tightly controlled. This regulatory maze, before the economic liberalization, made business easier for local players to have a seller's market. Customers in India were forced to wait 12 years to buy a scooter from Bajaj. The CEO of Bajaj commented that he did not need a marketing department, only a dispatch department. By the year 1990, Bajaj had a waiting list that was twenty-six times its annual output for scooters.

The motorcycle segment had the same long wait times with three manufacturers; Royal Enfield, Ideal Jawa, and Escorts. Royal Enfield made a 350cc Bullet with the only four-stroke engine at that time and took the higher end of the market but, there was little competition for their customers. Ideal Jawa and Escorts took the middle and lower end of the

market respectively. In the mid-1980s, the Indian government regulations changed and permitted foreign companies to enter the Indian market through minority joint ventures. The two-wheeler market changed with four Indo-Japanese joint ventures: Hero Honda, TVS Suzuki, Bajaj Kawasaki and Kinetic Honda. The entry of these foreign companies changed the Indian market dynamics from the supply side to the demand side. With a larger selection of two-wheelers on the Indian market, consumers started to gain influence over the products they bought and raised higher customer expectations.

Hero Honda Motorcycles Limited is an Indian manufacturer of motorcycles and scooters. Hero Honda is a joint venture that began in 1984 between the Hero group of India and Honda from Japan. It has been the world's biggest manufacturer of 2-wheeled motorized vehicles since 2001, when it produced 1.3 million motorbikes in a single year. Hero Honda's Splendor is the world's largest selling motorcycle. Its 2 plants are in Dharuhera and Gurgaon, both in Haryana, India. It specializes in dual use motorcycles that are low powered but very fuel efficient.

Contents

1. [HYPERLINK " http://en. wikipedia. org/wiki/Hero_Honda#Models"](http://en.wikipedia.org/wiki/Hero_Honda#Models) [HYPERLINK " http://en. wikipedia. org/wiki/Hero_Honda#Models"](http://en.wikipedia.org/wiki/Hero_Honda#Models) Models

1. [1. \[HYPERLINK " http://en. wikipedia. org/wiki/Hero_Honda#Bikes"\]\(http://en.wikipedia.org/wiki/Hero_Honda#Bikes\)](http://en.wikipedia.org/wiki/Hero_Honda#Bikes)

[HYPERLINK " http://en. wikipedia. org/wiki/Hero_Honda#Bikes"](http://en.wikipedia.org/wiki/Hero_Honda#Bikes) Bikes

2HYPERLINK “ http://en.wikipedia.org/wiki/Hero_Honda#Company_Profile”

HYPERLINK “ http://en.wikipedia.org/wiki/Hero_Honda#Company_Profile”

Company Profile

2. 1HYPERLINK “ http://en.wikipedia.org/wiki/Hero_Honda#Just-in-Time”

HYPERLINK “ http://en.wikipedia.org/wiki/Hero_Honda#Just-in-Time” Just-in-Time

2. 2HYPERLINK “ http://en.wikipedia.org/wiki/Hero_Honda#Ancillarisation”

HYPERLINK “ http://en.wikipedia.org/wiki/Hero_Honda#Ancillarisation”

Ancillarisation

2. 3HYPERLINK “ http://en.wikipedia.org/wiki/Hero_Honda#Dealer_Network”

HYPERLINK “ http://en.wikipedia.org/wiki/Hero_Honda#Dealer_Network”

Dealer Network

2. 4HYPERLINK “ http://en.wikipedia.org/wiki/Hero_Honda#Financial_Planning”

HYPERLINK “ http://en.wikipedia.org/wiki/Hero_Honda#Financial_Planning” Financial Planning

2. 5HYPERLINK “ http://en.wikipedia.org/wiki/Hero_Honda#Quality”

HYPERLINK “ http://en.wikipedia.org/wiki/Hero_Honda#Quality” Quality

2. 6HYPERLINK “ http://en.wikipedia.org/wiki/Hero_Honda#Diversification”

HYPERLINK “ http://en.wikipedia.org/wiki/Hero_Honda#Diversification”

Diversification

3HYPERLINK “ http://en.wikipedia.org/wiki/Hero_Honda#External_links”

HYPERLINK “ http://en.wikipedia.org/wiki/Hero_Honda#External_links”

External links

[Models] Bikes

Hero Honda Splendor Plus

Hero Honda Passion Plus

Hero Honda Karizma

Hero Honda CBZ

Hero Honda Super Splendor

Hero Honda CD Dawn

Hero Honda CD Deluxe

Hero Honda Glamour

MARKETING : s agents from Hero travels to all the corners of the country, visiting dealers and send back daily postcards with information on the stock position that day, turnover, fresh purchases, anticipated demand and also competitor action in the region. The manufacturing units have a separate department to handle dealer complaints and problems and the first response is always given in 24 hours.

HYPOTHESIS [Financial Planning]

The Hero Group benefits from the Group Chairman’s financial acumen and his grasp on technology, manufacturing and marketing. Group Company,
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Hero Cycles Limited has one of the highest labor productivity rates in the world. In Hero Honda Motors Limited, the focus is on financial and raw material management and a low employee turnover.

[Quality]

Quality at Hero is attained not just by modern plants and equipment and through latest technology, but by enforcing a strict discipline. At the Group factories, attaining quality standards is an everyday practice – a strictly pursued discipline. It comes from an amalgamation of the latest technology with deep-rooted experience derived from nearly four decades of hard labor. It is an attitude that masters the challenge of growth and change – change in consumers' perceptions about products and new aspirations arising from a new generation of buyers.

Constant technology up gradation ensures that the Group stays in the global mainstream and maintains its competitive edge. With each of its foreign collaborations, the Group goes onto strengthen its quality measures as per the book. The Group also employs the services of independent experts from around the world to assist in new design and production processes.

[Diversification]

Throughout the years of enormous growth, the Group Chairman, Mr. Lall has actively looked at diversification. A considerable level of backward integration in its manufacturing activities has been ample in the Group's growth and led to the establishment of the Hero Cycles Cold Rolling Division, Munjal and Sunbeam Castings, Munjal Auto Components and Munjal Showa Limited amongst other component-manufacturing units.

OUTCOMES

After the data has been collected, it was tabulated and findings of the project were presented followed by analysis and interpretation to reach certain conclusions.

Q-1 Which Model do you Have?

Hero Honda

Bajaj

Splender

21

CT 100

7

Passion

13

Discover

12

Karizma

7

Pulsar

11

Any other

6

Any other

8

Q-2 In which family Income level do you Fall?

100000-200000

22

200000-300000

45

300000-400000

23

above 400000

10

Q-3 How would you rate the following factors of Bikes with respect to different company?

Hero Honda

Bajaj

Mileage

74%

72%

Price

68%

65%

Pick up

70%

80%

Maintenance

58%

62%

Look & Shape

85%

80%

Brand Image

53%

55%

Conclusion

Most of the Pulsar, CBZ & Karizma are purchased by young generation 18 to 30 because they prefer stylish looks and rest of the models of Hero Honda are purchased more by daily users who needs more average of bikes than looks.

Hero Honda is considered to be most fuel-efficient bike on Indian roads.

Service & Spare parts are available throughout India in local markets also.

While buying a motorcycle, economy is the main consideration in form of maintenance cost, fuel efficiency.

Majority of the respondent had bought their motorcycle more than 3 years.

RECOMMENDATIONS

Bajaj should introduce some more models having more engine power.

Hero Honda should think about fuel efficiency in case of upper segment bikes.

More service centers should be opened.

Maintenance cost and the availability of the spare parts should also be given due importance.

They also introduce some good finance/discount schemes for students.

The price should be economic.