

Case Study

Name: _____

Date: _____

Start Time: _____

Instructions:

- This is an individual written exercise.
- You can make assumptions, give realistic commitments or responses that you feel are appropriate.
- You have 60 minutes to read through and assimilate the information and 20 minutes to answer the questions.
- Request you to read the data and information presented carefully.
- The case comprises of background and context and a case-let followed by questions.
- Please answer and make suitable assumptions wherever required
- Towards the end of the day, you would be meeting an assessor who will be interacting with you to better understand your responses, action-plan as well as the rationale for the same.

Company: SpeedX

The Next Generation Vehicle; Revolutionizing the Two-Wheeler Industry

Situation

SpeedX Motors, a relatively new entrant in the two-wheeler market, is on a robust growth trajectory, aiming to capture a significant market share. Founded just five years ago, the company has quickly gained a reputation for its innovative designs, superior performance, and commitment to sustainability. Its flagship model, the SpeedX-200, an electric scooter with a cutting-edge battery management system and impressive range, has become a favorite among urban commuters.

Despite its success, SpeedX Motors faces stiff competition from established players like Hero MotoCorp and Bajaj Auto, who dominate the market with their extensive dealer networks and brand loyalty. To enhance its market share, SpeedX Motors is working on creating a multi-pronged strategy. SpeedX is looking to double its market share in the next 2 years to 30%.

You are Anurag Rathod, CEO of Speed X and you believe that with the right investment partners, your organization can revolutionize the two-wheeler industry, making sustainable and high-performance mobility accessible to everyone." This strategic move to seek investments underscores SpeedX Motors' commitment to growth and innovation, positioning it as a formidable force in the two-wheeler industry.

In this competitive landscape, SpeedX Motors remains focused on innovation, global footprint, exceptional customer experience, and sustainability. With its dynamic approach, unwavering commitment, and the right investment partners, SpeedX Motors is poised to become a dominant player in the two-wheeler industry.

You have a meeting with the investors next week and are working towards presenting a solid business case that highlights the market opportunity, unique value proposition, growth strategy, and financial potential. SpeedX Motors aims to secure the necessary investments to drive its ambitious expansion plans and continue its trajectory towards becoming a market leader in the electric two-wheeler industry.

Indian Two-Wheeler Industry Overview

Overview

India is the world's largest market for two-wheelers, accounting for about 25-30% of global sales. The industry is characterized by a mix of motorcycles, scooters, and mopeds that cater to diverse consumer needs, from economical commuting solutions to performance-oriented vehicles.

Key Segments

- Motorcycles: Primarily used for commuting, sport, and off-road purposes.
- Scooters: Gaining popularity among urban consumers, especially women.
- Mopeds: Targeted at rural markets for affordability and ease of use.

Indian Market Share

The Indian two-wheeler market is dominated by a few major players. As of 2024, the market is estimated to be worth USD 299.18 billion and is projected to reach USD 347.41 billion by 2029, growing at a CAGR of 3.74%. The key players in this market are:

- Hero MotoCorp Ltd.
- Honda Motorcycle and Scooter India Pvt. Ltd.
- TVS Motor Company Limited
- Bajaj Auto Ltd.
- Royal Enfield Ltd. India

These companies collectively hold around 57.37% of the market share. Hero MotoCorp is the leader with the highest market share, followed by Honda and TVS Motor Company.

Major Indian Players & their unique value propositions

Indian Player	Strengths	Unique Points	Popular Models
Hero MotoCorp	Largest market share in India with a strong distribution network	Focus on high fuel efficiency and low maintenance costs	Splendor, Passion, and Glamour
Bajaj Auto	Known for performance and innovation, strong in both domestic and export markets.	Early adopter of diesel motorcycles and champion of performance models.	Pulsar series, Dominar
TVS Motor Company	Strong presence in rural and urban segments, robust after-sales service.	Compact designs and technology integration, such as TVS Connect for smart features.	Apache, NTorq.
Honda Motorcycle & Scooter India	Strengths: Extensive R&D, high reliability, and a broad product portfolio.	Pioneering fuel-efficient engines and advanced safety features.	Activa, CB Shine.
Royal Enfield	Strengths: Cult following and premium positioning in the motorcycle segment.	Classic design aesthetics with a focus on the riding experience.	Classic 350, Interceptor 650.

Competitive Advantages

- **Cost Efficiency:** Local manufacturing leads to lower production costs, allowing competitive pricing.
- **Extensive Distribution Networks:** A wide network of dealerships and service centers across urban and rural areas enhances customer reach.
- **Adaptation to Local Preferences:** Strong emphasis on developing products that cater to the unique needs of Indian consumers, such as mileage and affordability.

Global Two-Wheeler Industry

Overview

The global two-wheeler market encompasses a diverse range of manufacturers and products, with significant markets in regions like China, Southeast Asia, Europe, and North America. The industry is seeing rapid transformation due to technological advancements, regulatory changes, and shifting consumer preferences.

Key Segments

- **Motorcycles:** High-performance and commuter segments, including touring and adventure bikes.
- **Scooters:** Focus on urban mobility, often compact and fuel-efficient.
- **Electric Two-Wheelers:** Rising demand driven by environmental concerns and government incentives.

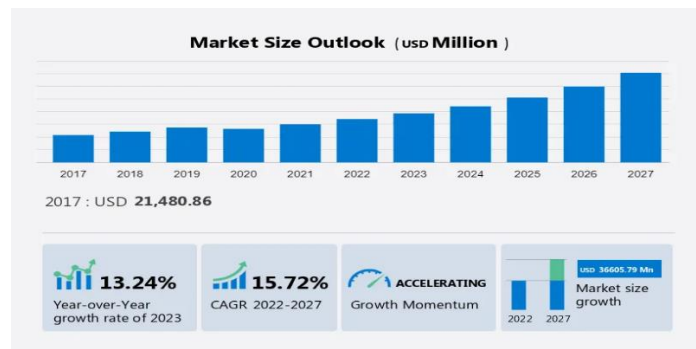
Global Market

Globally, the two-wheeler market is also seeing significant growth. The market is projected to grow at a CAGR of 7.2% from 2024 to 2032 (Fortune Business Insights). The major players in the global market include:

- Honda Motor Co., Ltd. (Japan)
- Yamaha Motors Co. (Japan)
- Suzuki Motor Corporation (Japan)
- Harley Davidson
- Kawasaki (Japan)

These companies have a significant presence and are continuously innovating, particularly in the electric two-wheeler segment, to capture more market share.

Electric Two-Wheeler Market Size 2023-2027



Major Global Players & their unique value propositions

Global Player	Strengths	Unique Points	Popular Models
Honda	Largest global motorcycle manufacturer with a comprehensive range of products.	Leading in fuel-efficient engines and advanced safety features, significant investment in R&D.	CBR series, CB series.
Yamaha	Renowned for high-performance motorcycles and innovative design.	Strong focus on the sports bike segment and lifestyle branding.	YZF-R series, MT series.
Harley Davidson	Strong brand heritage and premium market positioning	Customization options and a community-centric approach	Sportster, Touring models
Suzuki	Diverse product offerings, strong in the off-road and sport segments	Commitment to performance and durability	GSX-R series, V-Strom.
Kawasaki	High-performance motorcycles known for advanced engineering.	Innovation in the super-sport and adventure categories.	Ninja series, Z series.

Competitive Advantages

- **Brand Equity:** Established brands command strong customer loyalty and brand recognition, making them more resilient in competitive markets.
- **Innovation:** Continuous investment in R&D to develop advanced technologies, such as fuel injection systems, ABS, and electric drivetrains.
- **Diverse Product Range:** Offering a wide variety of models that cater to different market segments, from entry-level to premium motorcycles.

Trends in the Two-Wheeler Industry

Indian Market Trends

- **Shift to Electric:** There is a growing demand for electric two-wheelers due to government initiatives like FAME II, rising fuel prices, and environmental concerns. Companies are launching electric scooters and bikes to capture this emerging segment.
- **Increased Urbanization:** As cities grow, urban mobility solutions are in high demand, leading to increased sales of scooters and compact motorcycles.
- **Rural Penetration:** Expansion into rural markets is crucial, with companies focusing on affordability and durability to cater to rural consumers.
- **Smart Features:** The integration of technology, such as connected features (e.g., GPS, diagnostics), is becoming increasingly common, appealing to tech-savvy consumers.

Global Market Trends

- **Electrification:** A significant global trend, with major manufacturers investing heavily in electric models to comply with emissions regulations and cater to changing consumer preferences.
- **Sustainability:** Companies are focusing on sustainable practices, including eco-friendly manufacturing processes and materials, to align with global environmental standards.
- **Customization and Personalization:** There is a rising demand for customizable bikes, allowing consumers to personalize their vehicles to reflect their style and preferences.
- **Smart Mobility Solutions:** Integration of IoT and connected features is becoming prevalent, enhancing user experience and offering advanced functionalities.

The two-wheeler industries in India and globally exhibit unique strengths and competitive advantages tailored to their respective markets. The Indian market excels in affordability, local adaptation, and rural penetration, while the global industry is characterized by innovation, strong brand equity, and diverse product offerings.

As the industry continues to evolve, particularly with the rise of electric vehicles and smart technologies, companies must adapt and innovate to maintain their competitive edge. The future will likely see increased collaboration,

technological advancements, and a greater focus on sustainability as critical factors shaping the two-wheeler landscape.

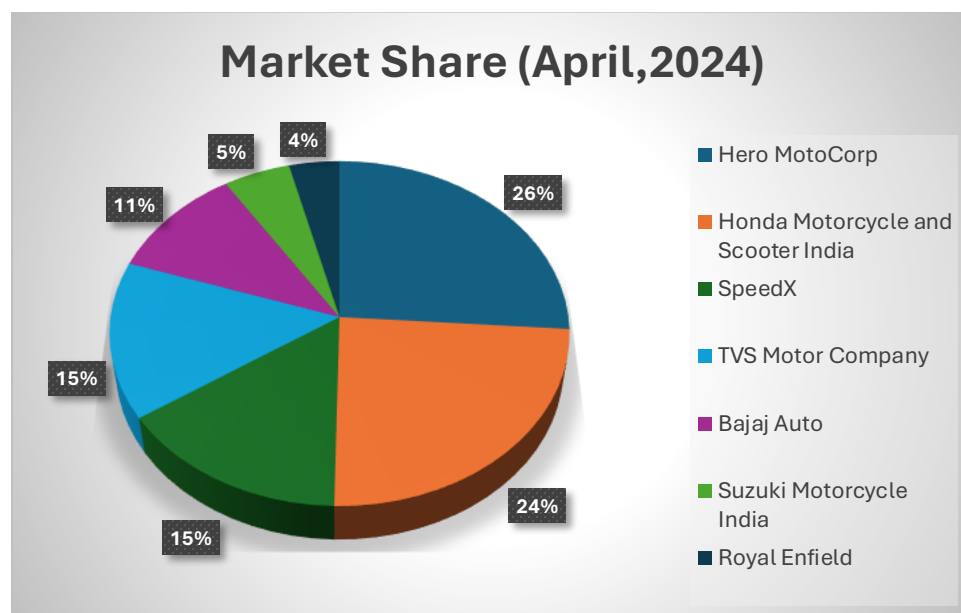
Industry Wheeler Industry challenges

While SpeedX strive for success, it acknowledges the challenges that lie ahead for the **Two-Wheeler Industry** like

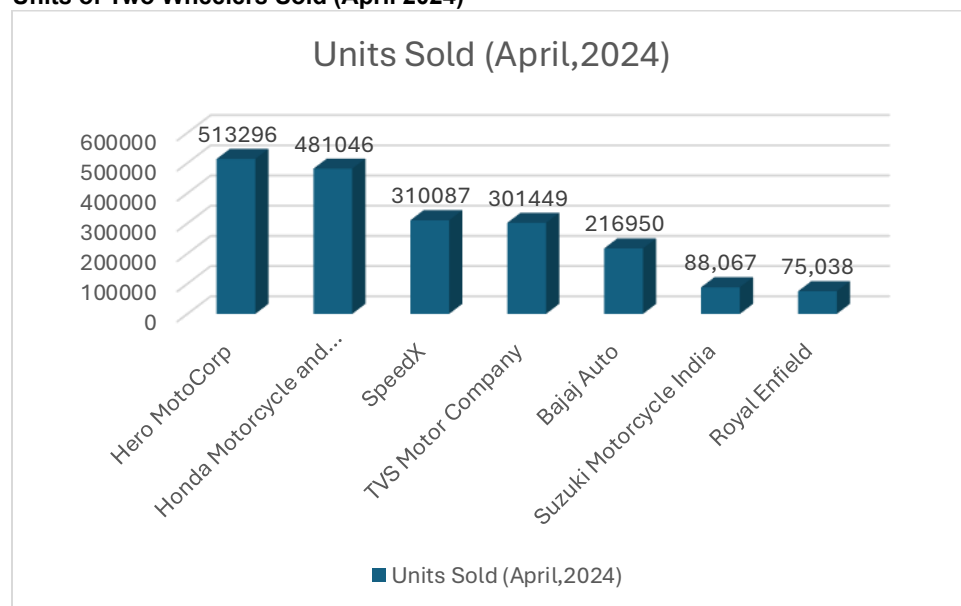
- **Regulatory Compliance**
 - Increasingly stringent emissions regulations require manufacturers to invest in cleaner technologies, impacting costs and product design.
 - Compliance with safety regulations can add complexity and expenses in production.
- **Market Competition**
 - Both domestic and international players lead to price wars, affecting margins.
 - The rise of startups, particularly in the electric segment, increases competition.
- **Supply Chain Disruptions**
 - Global supply chain issues can lead to shortages of key components, affecting production timelines.
 - Fluctuations in transportation costs and delays can impact overall efficiency.
- **Technological Advancements**
 - Keeping up with technological advancements (e.g., electric vehicles, smart features) requires continuous investment and adaptation.
 - Significant investment is needed for research and development to stay competitive.
- **Consumer Preferences**
 - Changing consumer preferences toward electric vehicles and premium models can disrupt traditional sales patterns.
 - Increased urbanization may lead to demand for different vehicle types, requiring manufacturers to adapt quickly.
- **Economic Factors**
 - Economic downturns can reduce consumer purchasing power, leading to lower demand for new two-wheelers.
 - Rising costs of raw materials and production can squeeze margins.
- **Sustainability Pressure**
 - Growing awareness of environmental issues drives demand for sustainable practices, requiring companies to rethink their strategies.
 - Pressure to implement recycling and sustainable sourcing practices can complicate operations.
- **Infrastructure Challenges**
 - For electric two-wheelers, inadequate charging infrastructure can hinder adoption and customer confidence.
 - Poor road infrastructure in many regions affects vehicle performance and consumer satisfaction.
- **Global Market Dynamics**
 - Tariffs and trade restrictions can impact the cost of imports and exports, affecting global operations.
 - Exchange rate volatility can affect profitability in international markets.
- **Safety and Security Concerns**
 - High accident rates in many regions raise concerns about vehicle safety, leading to potential reputational damage.

The two-wheeler industry faces a complex array of challenges that require strategic planning and adaptation. To stay relevant and competitive companies must innovate, optimize supply chains, and align with regulatory and consumer trends to navigate these challenges effectively.

Market share of two wheeler manufacturers in India

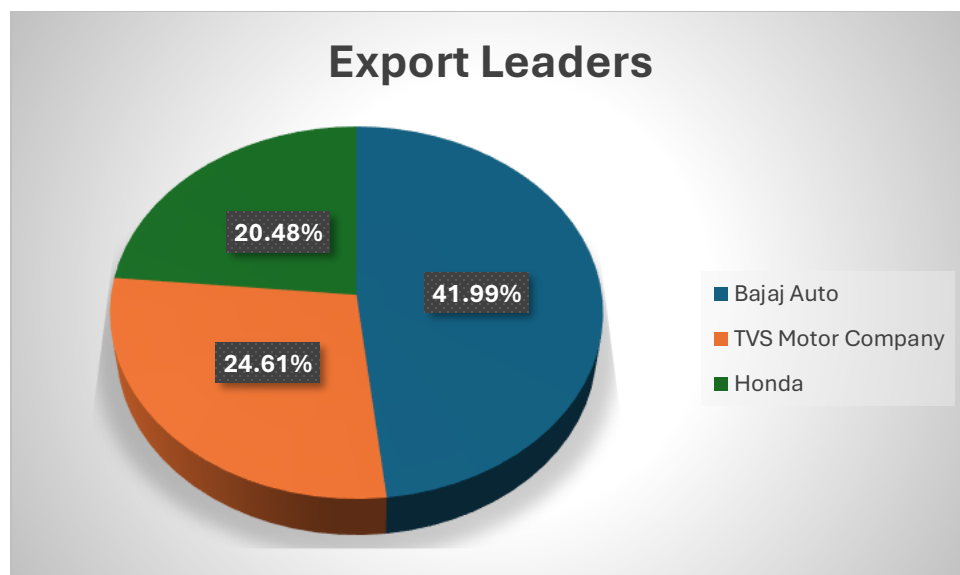


Units of Two Wheelers Sold (April 2024)

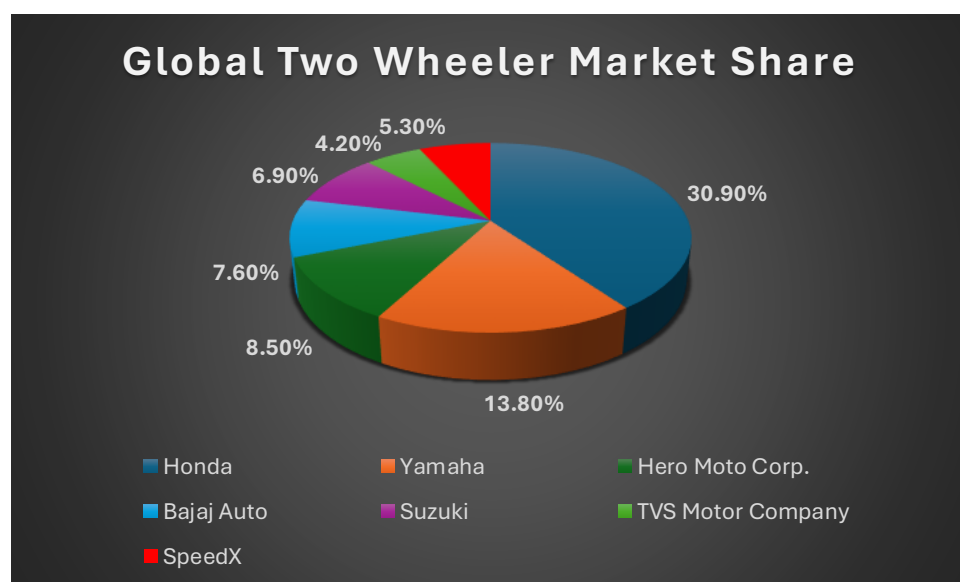


The above bar graph presents the number of units sold by various two-wheeler companies in April 2024. Hero MotoCorp leads with 513,296 units sold, followed by Honda Motorcycle and Scooter India. Other companies include SpeedX, TVS Motor Company, Bajaj Auto, Suzuki Motorcycle India, and Royal Enfield.

Export market shares of different two-wheeler manufacturers



Global Two Wheeler Market Share Distribution



These figures highlight the stronghold of Indian manufacturers like Hero MotoCorp and Bajaj Auto both in domestic and global markets, while international brands like Honda and Yamaha maintain significant shares globally.

Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs), adopted by all United Nations Member States in 2015, represent a universal call to action to end poverty, protect the planet, and ensure peace and prosperity for all by 2030. These 17 goals are integrated, recognizing that action in one area will affect outcomes in others, and that development must balance social, economic, and environmental sustainability. From eradicating poverty and hunger to combating climate change and ensuring quality education for all, the SDGs provide a comprehensive blueprint for achieving a better and more sustainable future. As a global framework, the SDGs encourage collaboration among governments, businesses, civil society, and individuals to address the world's most pressing challenges and create a world where no one is left

behind and therefore, Speed X is committed to align its business practices with the United Nations SDGs, with the key focus on any 4 SDG goals.

- SDG 3: Ensure healthy lives and promote well-being for all at all ages
- SDG 6: Ensure availability and sustainable management of water and sanitation for all
- SDG 7: Affordable and Clean Energy: Ensure access to affordable, reliable, sustainable, and modern energy for all.
- SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
- SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable.
- SDG 12: Ensure sustainable consumption and production patterns.

Research By World Economic Forum Jan '2023 on how the automotive industry is gearing up into sustainability's fast lane throws following insights

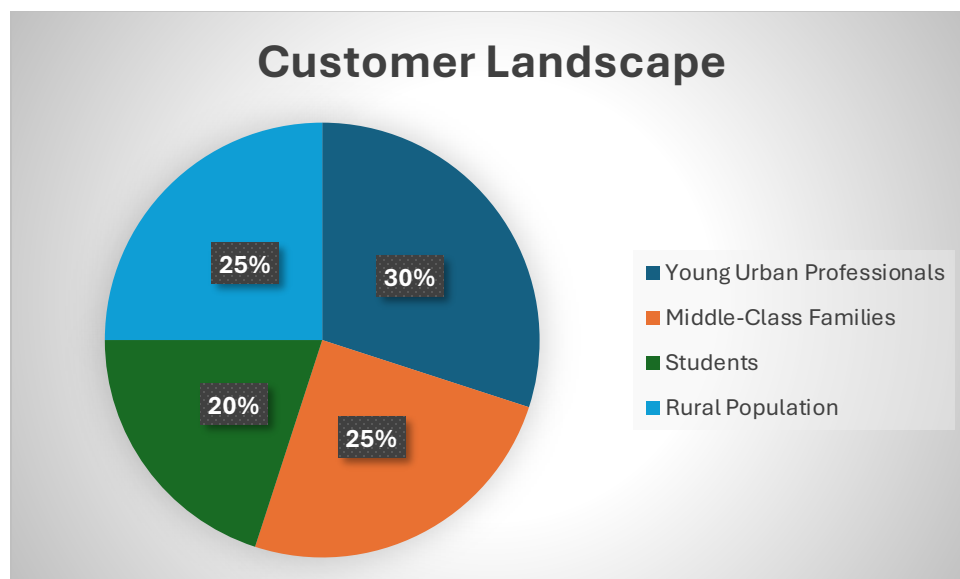
- Growing geopolitical tensions and unexpected crises have disrupted the automotive and mobility supply chains.
- The global automotive industry must reinforce the resiliency of its supply chains, while taking strides towards sustainability.
- Creating transparency along value chains in the mobility sector is a fundamental step in becoming more resilient and sustainable.

Increasing geopolitical instability and a series of unprecedented crises have disrupted the automotive and mobility industries. These disruptions have had a significant impact on our global businesses and supply chains: The semiconductor shortage alone resulted in a loss in global production of 11 million vehicles in 2021. Adding to the complexity are extended regional and global shutdowns due to the COVID-19 pandemic, current energy shortages and inflationary headwinds resulting from the ongoing conflict in Ukraine. How do we mitigate supply risks and price volatility to ensure sustainable transport ecosystems are available for all?

Ensuring resiliency is particularly challenging given the supply chain transformation companies committed to as part of their decarbonization agenda: We are at a tipping point when it comes to accelerating our net-zero emissions journey towards 2050. The significant footprint the automotive and mobility industries have on our planet is undeniable, corresponding to approximately 10% of annual global greenhouse gas emissions. Other sustainable development goals (SDGs) beyond greenhouse gas (GHG) emissions, such as air quality (goal 3), reduction of water and energy depletion (goals 6 and 7) as well as material waste through circularity (goal 12), can also be supported by automotive industry action.

Customer Landscape

Customer Landscape Breakdown



Issues faced by the Customers in the the Two-Wheeler Industry

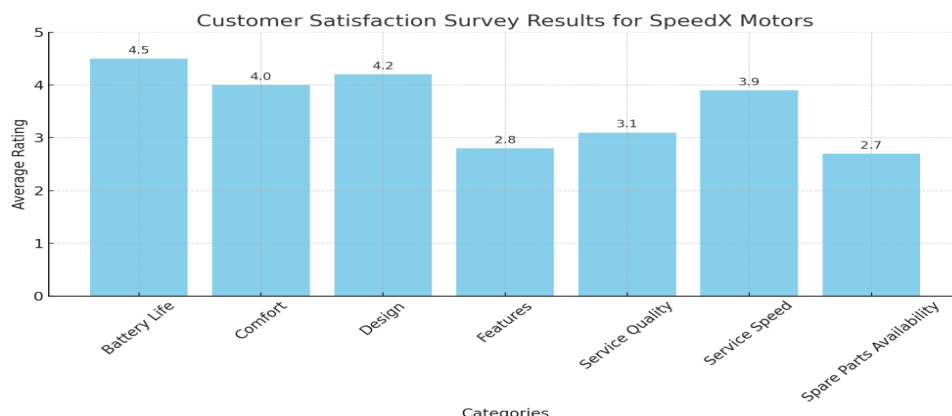
S.No	Issue	Challenge
1	Limited Charging Infrastructure Challenge	Inadequate charging stations for electric vehicles, leading to range anxiety and limited adoption of electric two-wheelers.
2	High Maintenance Costs	Unexpected maintenance costs and lack of transparency about long-term service expenses can deter customers.
3	Safety Concerns	High accident rates and inadequate safety features in some models raise concerns about personal safety while riding.
4	Product Quality and Reliability	Variability in product quality among different brands and models can lead to trust issues and dissatisfaction.
5	Complex Purchase Process	Navigating multiple options and configurations can overwhelm consumers, complicating the buying decision.
6	Insurance and Financing Issues	Difficulties in securing affordable insurance and financing options can restrict access to new models.
7	After-Sales Service Accessibility	Limited access to reliable service centers, particularly in rural areas, affects customer satisfaction and loyalty.
8	Limited Customization Options	A lack of personalization features or aftermarket parts can lead to dissatisfaction among consumers wanting unique vehicles.
9	Fuel Price Volatility	Fluctuating fuel prices can impact running costs, especially for traditional internal combustion engine models.
10	Environmental Concerns	Growing awareness of environmental impact may lead to frustration over traditional two-wheeler options that are not eco-friendly.

Customer Persona's

Here are key customer segments or personas in the two-wheeler industry:

S.No	Customer Segment	Indicative buyer %	Profile	Needs	Preferences
1	Urban Commuter	30%	Young professionals and students.	Affordable, stylish, and compact two-wheelers for daily commuting	High fuel efficiency, smart features, and ease of parking.
2	Rural User	25%	Small-scale farmers and rural residents.	Durable and reliable two-wheelers for long distances and rugged terrain.	Low maintenance costs, fuel efficiency, and sturdy design.
3	Performance Enthusiast	15%	Motorcycle enthusiasts and young adults.	High-performance bikes for speed and adventure.	Advanced features, customization options, and sporty design.
4	Eco-Conscious Consumer	10%	Environmentally aware individuals.	Electric or low-emission vehicles to reduce carbon footprint.	Sustainability, charging infrastructure, and green technology.
5	Family Buyer	10%	Middle-aged individuals with families.	Safe and reliable two-wheelers for family use.	Comfort, safety features, and good storage capacity.
6	Business User	5%	Delivery services and small business owners.	Reliable two-wheelers for business operations.	Cost-effectiveness, fuel efficiency, and durability.
7	Tech-Savvy User	3%	Young, tech-oriented consumers.	Connected features and smart technology integration.	Apps, GPS, and advanced safety features.
8	Luxury Buyer	2%	Affluent individuals looking for premium products.	High-end motorcycles with advanced features.	Brand prestige, customization options, and performance.

Recently SpeedX did a customer experience Survey and here were the results and here are findings



The graph shows the results of a customer satisfaction survey for SpeedX Motors, covering various aspects of customer experience. Each category is rated on a scale from 0 to 5 based on average ratings. The survey highlights strong satisfaction with battery life, comfort, and design, while features and spare parts availability received lower ratings.

Government Initiatives

The Indian government has implemented several initiatives to encourage the growth of the two-wheeler industry. Some of the key measures include:

1. Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) Scheme:

- FAME I (2015-2019): Provided subsidies to electric two-wheelers to promote their adoption.
- FAME II (2019 onwards): Expanded subsidies for electric two-wheelers, including higher incentives for batteries and other components.

2. Production Linked Incentive (PLI) Scheme:

- Launched to boost domestic manufacturing and attract investments in the automotive sector, including two-wheelers.
- Provides financial incentives based on the sales performance of manufactured vehicles.

3. Goods and Services Tax (GST) Reduction:

- GST on electric vehicles reduced from 12% to 5%, making electric two-wheelers more affordable.

4. Phased Manufacturing Program (PMP):

- Encourages the local manufacturing of electric vehicle components, reducing dependency on imports and boosting the domestic industry.

5. Battery Swapping Policy:

- Promotes the development and implementation of battery swapping infrastructure, addressing the issue of long charging times for electric two-wheelers.

6. Subsidies and Tax Incentives:

- Various state governments offer additional subsidies, road tax exemptions, and registration fee waivers for electric two-wheelers.

7. Scrappage Policy:

- Introduced to phase out old, polluting vehicles and promote the purchase of new, more efficient two-wheelers.

8. Green Urban Mobility Initiatives:

- Supports the integration of electric two-wheelers into public transportation and last-mile connectivity solutions.

9. Research and Development (R&D) Support:

- Funding and incentives for R&D activities in the two-wheeler industry to encourage innovation and development of new technologies.

10. Public Awareness Campaigns:

- Initiatives to raise awareness about the benefits of electric two-wheelers and promote their adoption among the general public.

These initiatives are aimed at promoting sustainable mobility, reducing pollution, and boosting the overall growth of the two-wheeler industry in India.

As you put the business case together for the meeting with the investors next week do answer the following as a part of your presentation.

Questions:

1. **Develop a roadmap for expanding SpeedX motors's market share to 30% in the next 2 years**
2. **What steps can SpeedX take to establish a unique market position and become the preferred choice for its targeted customer group? – You can make assumptions**
3. **How can SpeedX align its commitment towards society and sustainability goals to create a roadmap for social responsibility?**