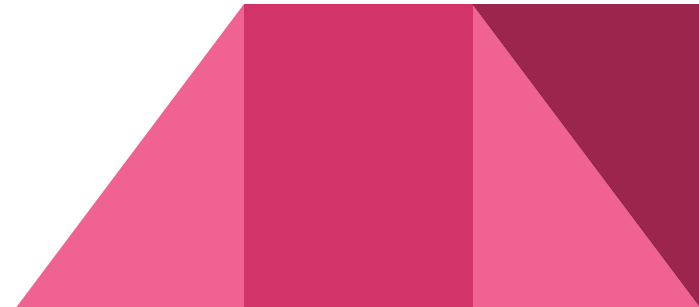


# Bajaj Auto Limited



**BAJAJ**

*Distinctly Ahead*

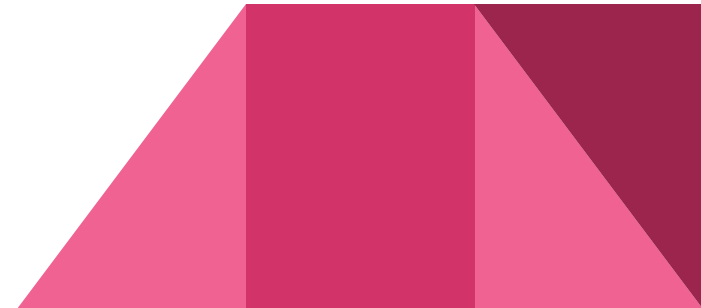


# Bajaj Pulsar

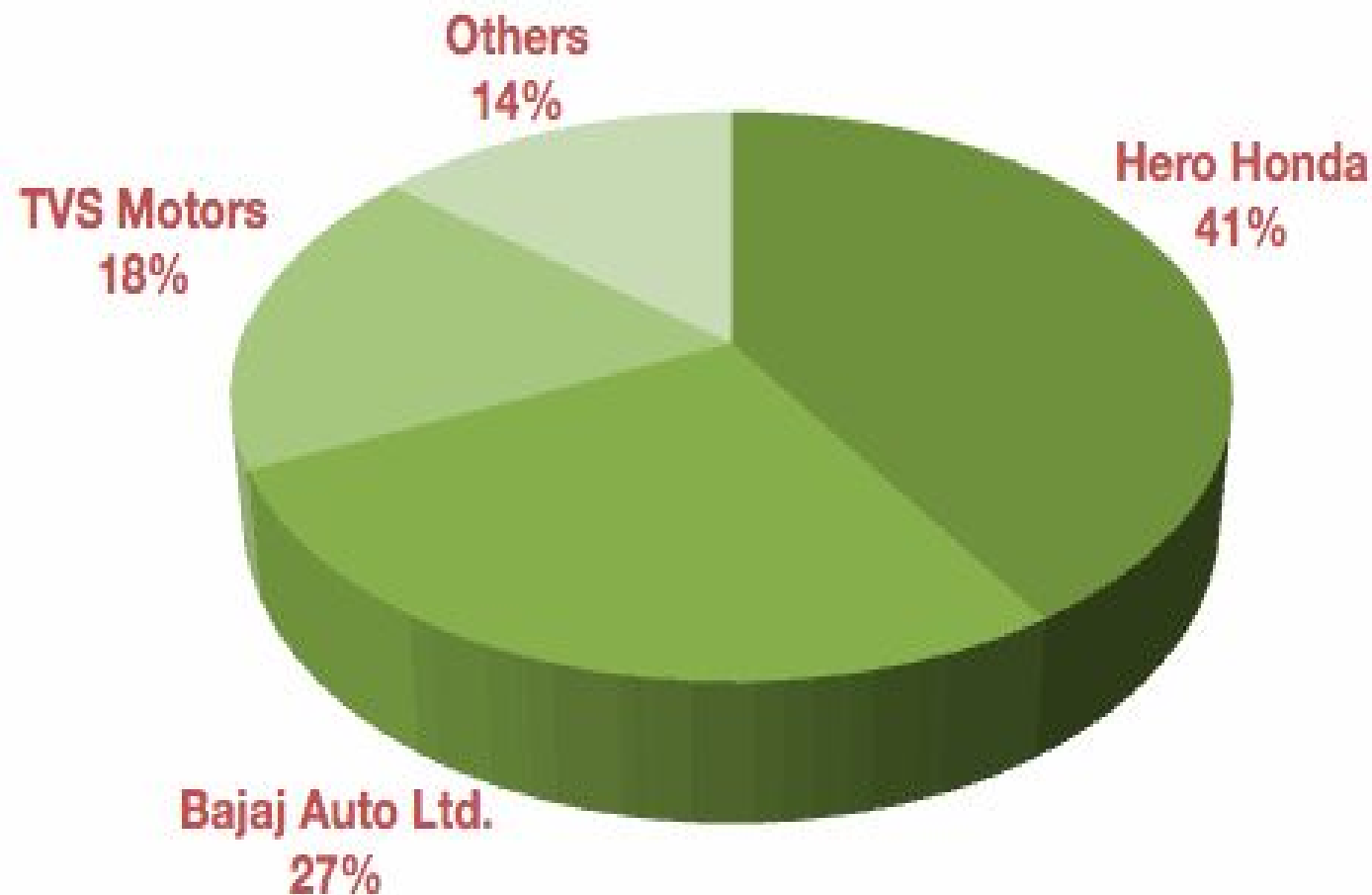


# Overview

- Founded in 1926 by Jamna Lal Bajaj.
- Rahul Bajaj (present chairman) took over in 1965.
- Under his leadership, the turnover of Bajaj Auto Ltd. has gone up from Rs.72 million to Rs.100.76 billion.
- Bajaj is India's second largest motorcycle maker.
- The company is well known for their R&D, product development, process engineering and low-cost manufacturing skills.



# Current market share of 2-wheeler industry

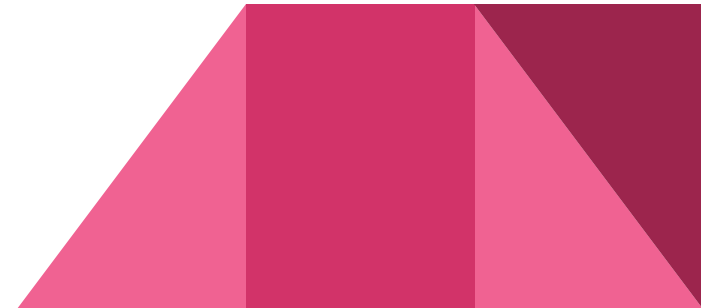


# Introduction

- In 1960s, BAL in collaboration with Piaggio, started manufacturing scooters under name Vespa. Later in 1970s the scooters were manufactured under the name Bajaj.
- In 1972, a legend was born – Bajaj Chetak
- In the late 1990's the Indian two wheeler market witnessed a shift in consumer preferences.
- Scooter were more preferred to motorcycles.
- 2-wheelers' demand increased due to inefficient transport system, the *Chetak & the Super* were launched.

# Problems

- Customers had to wait for many years for delivery. (10-12 yrs for Bajaj Chetak).
- It played a major role in dowry in India.
- Indian manufacturing motorcycles were not fuel efficient, resulting in low selling.

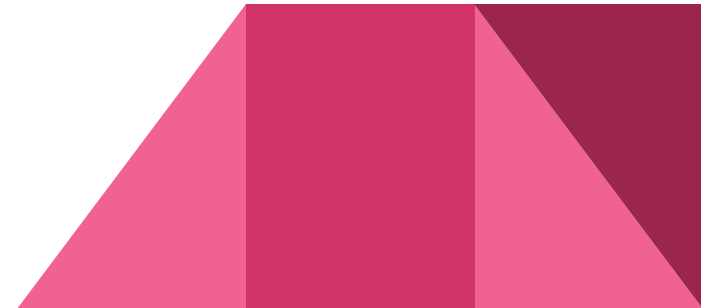


# Motorcycle Segment

Joint Venture: Many foreign players like Honda, Suzuki, Yamaha had joint ventures with Indian companies.

These foreign players came with latest technology, efficient production system etc that enhance the quality of the motorcycle in India .

Soon new models came with new style, advanced technology & were fuel efficient.



# Scooter Segment

LMML entered into joint venture with Piaggio in 1982 , to produce *Vespa*, sold well in 1980s-1990s after *Chetak*.

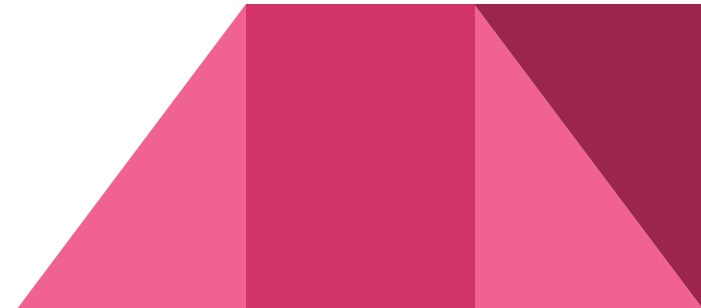
1984: The Kinetic tied up with Honda, introduced new models with new features like self start & automatic gear transmissions.

1980-1990s :BAL dominated by Chetak & Super model with their value for money, appeal, durability, versatility, low maintenance, availability of spare parts, and of course the Humara Bajaj campaign.



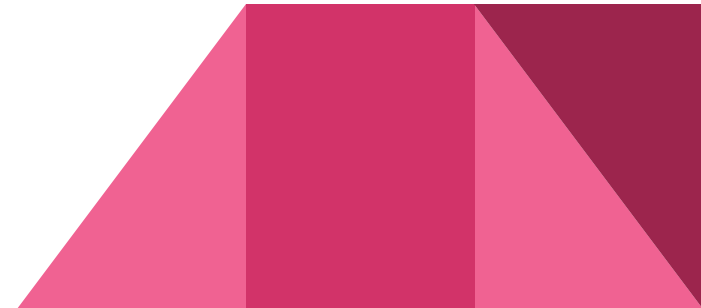
# Other issues

- Increasing personal income. Demand for 4 wheelers increased.
- Simultaneously improving public transport.
- Up-gradation of existing bikes to better ones.



# Negative growth in 2-wheeler industry due to:

- | Higher interest rates lead to fall in demand.
- | Increasing oil prices.
- | Launch of low price cars.
- | Tightened emission standards.



# Piling up to:

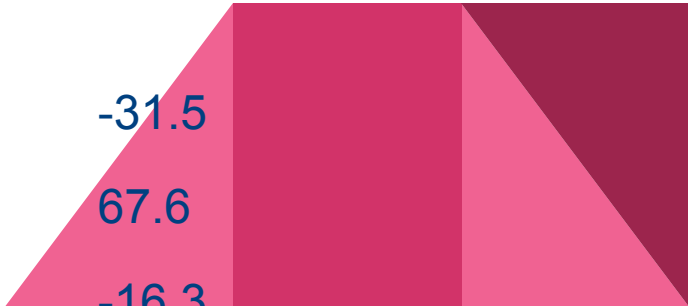
- ¶ In 1991 & 1992 – overall sales of two wheelers declined by 15% & 8% respectively because of a recession.
- ¶ In 1990 the pattern of demand changed & motorcycles became the fastest growing segment.
- ¶ Motorcycles were preferred to scooters in the rural areas because of poor road conditions.
- ¶ Demographic changes – Increasing proportion of younger people in the overall population.
- ¶ BAL had volumes falling 40% year-on-year as scooters were 80% of their total business.
- ¶ Lower interest rates on vehicle loans made motorcycles more affordable.
- ¶ In 2000 Bharat Stage II, a new set of emission norms, came into effect. It was for petrol two-stroke engines & it gave a blow to BAL, which primarily sold two-wheelers with two-stroke engines.

# The Fightback

■BAL increased its production of motorcycles by 67.6% in 2001 even as the production of scooters fell by 44%.

■By 2001, the company was manufacturing as many motorcycles as geared scooters.

Geared Scooters	426,334	757,714	-43.7
Un Geared Scooters	78,892	69,726	13.1
Mopeds	121,238	176,961	-31.5
Motorcycles	427,088	254,847	67.6
Total two-wheelers	1,053,552	1,259,248	-16.3



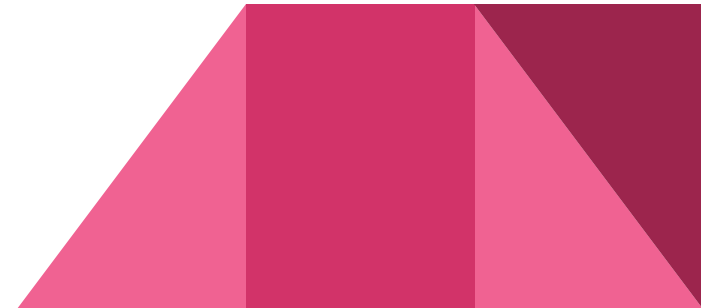
# Bajaj by 2011

MOTORCYCLES	2,506,749	1,907,853	31
<b>TOTAL 2 WHEELERS</b>	<b>2,511,600</b>	<b>1,919,625</b>	<b>31</b>



# Other changes

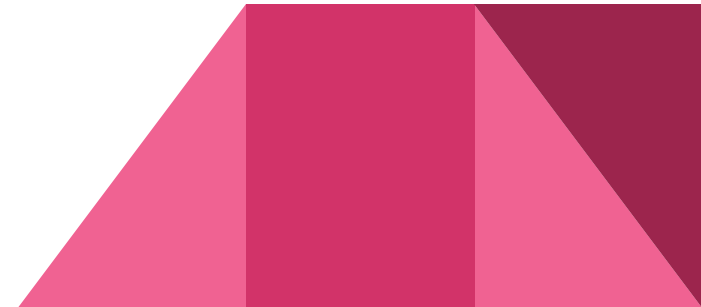
- | Graduating customers from 100cc to higher segments.
- | Focus on gear-less scooters.
- | Entry in the four-wheeler segment. Joint venture with Renault and Nissan to compete with Tata Nano.
- | Scaling up service centers.
- | Easy credit lending.



- Investment in research and development.
- Alternate energy vehicles.
- Focus on global and exports market. Set up a manufacturing unit in China.



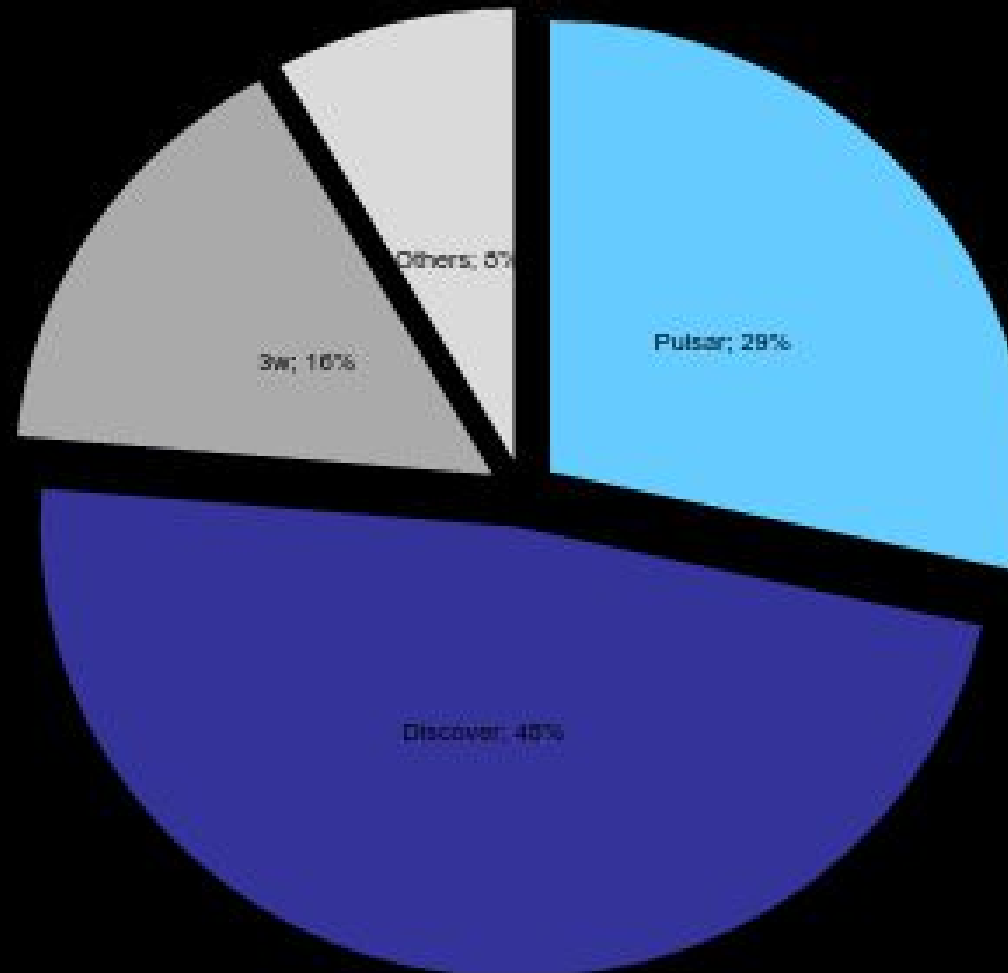
# Wider Range , New Image





# 2010 sales data

Best 2010 sales Data For Chevrolet Malibu



# Rebranding

- Humara Bajaj
- Inspiring Confidence
- Distinctly ahead



# Rebranding



# Increase scooter sales



# New Scooter sales

Price difference between scooter and motorcycles had narrowed.

In 2001, BAL lowered the prices of Chetak and Super by Rs. 5000 to Rs. 8000 and removed some accessories like spare wheel, luggage box, etc., from the base models.

In 1999-2000, BAL had a market share of 20% in this segment. In 2000 BAL introduced a new gearless scooter with a four stroke engine “Saffire”.

In 2002, NXT 2, a four stroke geared scooter that was claimed to offer a motorcycle like mileage of 60-70kmpl was launched.

# Facing competition

┆To add to BAL's problems, HMSI's sold about 10,100 units of the A activa within just three months of its launch in 2001.

┆Kinetic launched the Nova, another gear-less scooter in 2002, which also become quite popular.

┆In April 2003, TVS launched the Scooty Pep (with a 75cc, four-stroke engine), an upgrade version of its Scooty, with better styling, technology, and storage capacity.

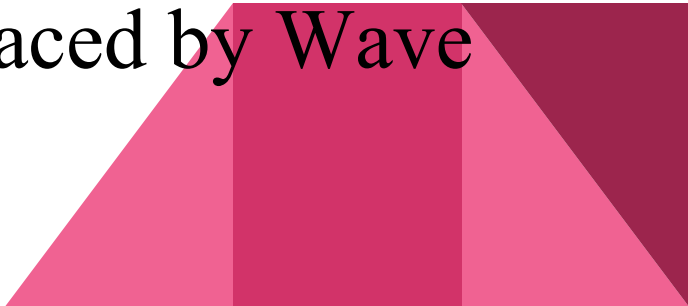
┆Bajaj Boxer for Rural areas.



¶In 2004 Chetak was introduced with a new gear system called ‘wonder-gear’ in which no gear shifting require.

¶New ad campaigns were also launched to brush up the Chetak’s image.

¶BAL was forced to phase out several models including the Spirit, the Sunny Spice, the Legend and NXT 2, and the Bravo. The Saffire, reportedly, suffered from several technical problems. It was replaced by Wave 2005.



# Bajaj Chetak





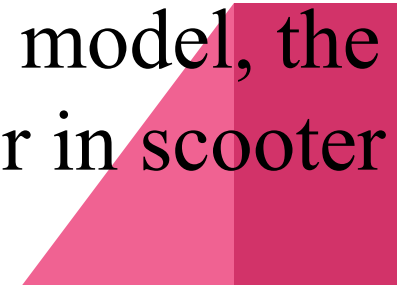
# Euthanasia

⌋ In Jan 2006, BAL announced that it had stopped production of the Chetak. So that the company could upgrade its scooter portfolio and regain the title of India's largest scooter manufacturer.

⌋ Chetak had to phase out because BAL had neglected it in terms of design, technology, and innovation.

⌋ Chetak had remained unchanged for more than 30 years. Customer used to call it car on two wheels.

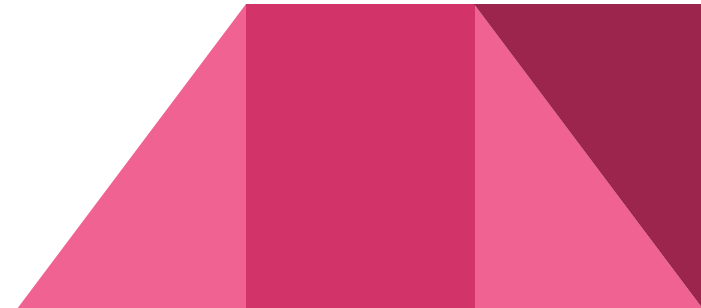
⌋ At that time BAL had just one scooter model, the Wave. By 2005-2006 HMSI was leader in scooter segment with 50% market share.



Auto expo 2006 (New Delhi), BAL Launched two new gear-less scooters.

*Kristal* DTS-I (100cc); Target- Teenage Girls

*Blade* DTS-I (150cc); Target- Young Males



# Outlook

┆Late 1990's- popularity of scooters vanished & motorcycles came into sight.

┆Reason- negligence for this segment, mileage problem and fashionable technology design & launch of new motorcycles.

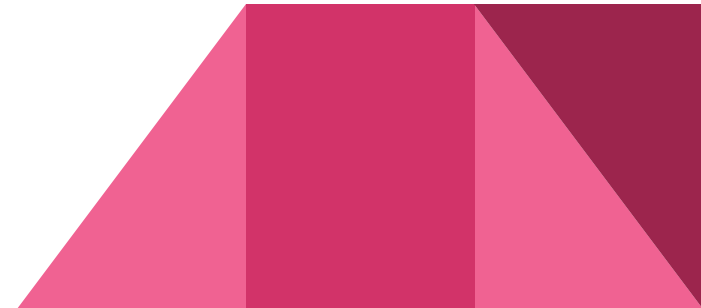
┆Demand of gear-less scooter was set to rise.(20% every year)

┆Reason- Trendy Style, better technology & mileage, targeted to women and aged people, easy to function.



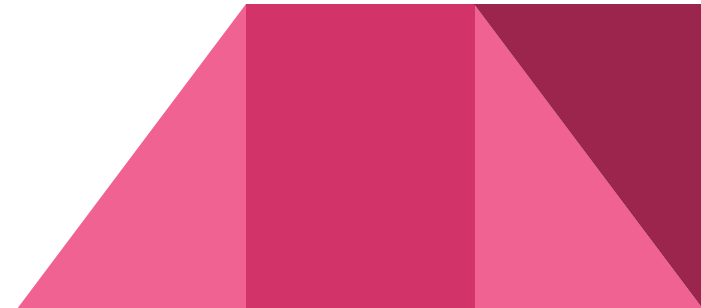
# Conclusion

- | Increase in importance of innovation and consumer demand.
- | Invested in the right product at the right time.
- | Bajaj has shown willingness to change and achieve strong sales growth.
- | Bajaj has done strategic rethinking and assessed its product focus based on research.



# Thank You

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Yash Choubey	-	201351006
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