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HERO MOTOCORP: CHAMPIONING A CAUSE

Utkarsh Majmudar and Namrata Rana wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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On a cold wintry morning in 2015, Vijay Sethi opened the newspaper and came across a series of news reports recounting gruesome road accidents that had taken place the previous day. “Death or loss of limb is terrible in such a gruesome manner,” he thought. “And in the cases of death, it is a terrible loss for those who are left behind.” He realized that, often, the breadwinner of the family perished in accidents such as these, and that besides the personal loss, these deaths also had an impact on gross domestic product of the country estimated at approximately 3 per cent. Sethi was the chief information officer of Hero MotoCorp Ltd. (HMCL), the world’s largest two-wheeler company. Although HMCL and other companies in the industry carefully considered safety features for their vehicles, it was not enough. Road safety was also dependent on the driver and other factors, in addition to the safety features of the vehicle.

By the end of 2017, after Sethi had undertaken many road safety initiatives and awareness campaigns, he was faced with a dilemma. There was no easy way to measure the success of the road safety marketing campaign and he had already spent a significant amount of money on the program. Now he had to decide whether to continue or end the program.

THE COMPANY

In 1984, Hero Cycles Ltd. (Hero) of India and Honda Motor Co., Ltd. (Honda) of Japan entered a joint venture to manufacture two-wheelers in India. The joint venture, Hero Honda Motors Ltd. (Hero Honda), grew rapidly. In December 2010, Hero and Honda decided to separate, and Hero bought out Honda’s stake. The company was re-named Hero MotoCorp Ltd. in July 2011, and in the subsequent month, it revealed its new logo. HMCL aimed to provide “world class mobility solutions with renewed focus on expanding [the] company’s footprint in the global arena.” By March 2017, the company had sold more than 70 million units of two-wheelers since its inception and had an annual capacity of 8.1 million two-wheeler units. The company had a market share of 51 per cent in motorcycles in India. The company also sold two-wheelers across 35 other countries.

HMCL had a net revenue of ₹313 billion[[1]](#footnote-1) and a net profit of ₹34 billion in 2016–17.[[2]](#footnote-2) It had an excellent return on capital employed—49 per cent—and earnings per share of ₹169 (see Exhibit 1).

The company focused on social activities, an initiative that came from its founder, Brijmohan Lall Munjal, who had once stated, “We must give back to the society from whose resources we generate wealth.” HMCL’s corporate social responsibility (CSR) activities were branded Hero We Care and organized around four key initiatives: education, safe riding, the environment, and girl child empowerment (see Exhibits 2 and 3). The *education* program aimed to promote education with a special focus on girls; the *safe riding* program aimed to promote road safety by addressing issues that led to road accidents; the *environment* program promoted cleanliness and making India green; and the *girl child empowerment* program targeted girls aged six and above from the underprivileged sections of society with the aim to help and support them in their overall development. Awareness among people about road safety was a key area for the company and was enabled through social and electronic media.

During 2016–17, HMCL spent ₹851 million on CSR activities, amounting to 2.4 per cent of the company’s average profits over the previous three years.[[3]](#footnote-3) As required by law, the company had also formed a CSR policy and a CSR committee to oversee corporate spending in that area.

The company had performed well financially, and its social development initiatives had been well received. The road safety program had worked well in terms of grabbing people’s attention. The question uppermost in Sethi’s mind was whether the awareness generated by the road safety program had actually led to behavioural change and an impact on the ground. He was concerned that while people might have approved of the program, they may have forgotten its message over time. What could he do, he wondered, to measure its success and determine the future direction for the program?

TWO-WHEELER INDUSTRY IN INDIA

By 2016, the Indian automobile industry was one of the largest in the world. The automobile industry accounted for 7.1 per cent of India’s gross domestic product. The two-wheeler segment was the leader in the industry, with 81 per cent of the market share. The growth had resulted from a growing middle class and a young population.

The two-wheeler industry was composed of three product categories: scooters, motorcycles, and mopeds. The industry had evolved significantly since its inception in 1950[[4]](#footnote-4) and had grown rapidly, with annual sales of over 20 million units in 2015–16 (see Exhibit 4). Two-wheelers constituted the bulk of sales in the automobile industry. Apart from HMCL, the three major companies in the Indian two-wheeler industry were Bajaj Auto Ltd., Honda Motorcycle and Scooter India Pvt. Ltd., and TVS Motor Company.[[5]](#footnote-5)

Bajaj Auto Ltd.

Bajaj Auto Ltd. manufactured motorcycles, three-wheelers, and automotive parts. Its Pulsar brand of motorcycles was very popular.

Honda Motorcycle and Scooter India Pvt. Ltd.

Honda Motorcycle and Scooter India Pvt. Ltd. manufactured motorcycles and scooters at its plants in Manesar, Haryana; Tapukara, Rajasthan; Narsapura, Karnataka; and Vithalpur, Gujarat. It offered popular models such as Activa and Deo in the scooter segment and Shine in the motorcycle segment.

TVS Motor Company

TVS Motor Company was primarily an automotive parts manufacturer. It had collaborated with Suzuki Motor Corporation to venture into the motorcycle space in 1982, but the companies had subsequently separated. TVS Motor Company produced strong brands such as Scooty in the scooter segment and Apache in the motorcycle segment.

There were several other relatively smaller players in the Indian two-wheeler industry including Yamaha Motor Pvt. Ltd., Royal Enfield (manufactured by Eicher Motors Ltd.), Suzuki Motorcycle India Pvt. Ltd., Mahindra and Mahindra Ltd., and Piaggio Vehicle Pvt. Ltd. (see Exhibit 5).

The Future

In 2017, new developments were taking place in the automobile industry in India. New advances in electric vehicles—including automobiles, trains, aircraft, and ships—were increasingly being announced. By 2030, 100 million electric vehicles would need to be deployed to reach the target set by the United Nations Framework on Climate Change under the Paris Agreement. The Indian government had said that India could cut its energy demand by 64 per cent by making its transportation industry electric, which had significant implications for India’s automotive sector. In a move toward making this happen, the Indian government had set up the National Electric Mobility Mission. The mission planned to create a potential demand for between 5 and 7 million electric vehicles by 2020. These vehicles would include buses, light commercial vehicles, two-wheelers and three-wheelers, and electric cars. Most automobile companies had announced plans for electric vehicles, and even the cab sharing company Ola had started a pilot on electric vehicles in India. Almost all major motorcycle manufacturers in India had scheduled launches of electric two-wheelers from 2018 onwards.

HMCL: KEY STAKEHOLDERS

Products and Customer Preferences

By 2017, consumers’ preferences in the two-wheeler market were evolving. Higher disposable income, increasing urbanization, and infrastructure turnaround were leading to structural and segmental shifts in the two-wheeler industry. The increase in scooter contribution to the industry was visible. The growth of premium motorcycles in the industry was led by the emergence of women buyers and millennials. To cater to a wide range of customers, HMCL produced vehicles at different price points (see Exhibit 6).

HMCL’s branding was characterized by the following traits: patriotic (i.e., the pride of being Indian), trusted (i.e., reliable, honest, caring, and responsible), innovative (i.e., technology- and future-driven), young (i.e., aggressive and fast-paced), open (i.e., not selective or exclusive but inclusive, and talking to everyone), and confident (i.e., big and omnipresent).

Suppliers

The company had a large network of suppliers that produced the parts for the manufacture of motorcycles. Cost management at its suppliers was critical for HMCL to operate efficiently and be competitive in the market. The company ran a Green Vendor Development Program, which was a supply-chain initiative taken to extend corporate environment responsibility down the supply chain.

Distribution

HMCL had an extensive sales and service network spanning more than 6,000 customer touchpoints. These were a mix of authorized dealers, service and spare parts outlets, and dealer-appointed outlets.

PROMOTION AND BRANDING AT HMCL

Hero was known for its strong brand recognition, and it had successfully capitalized on this recognition. After the separation from Honda, the company had rights to the Hero Honda brand until 2014. However, the company realized that it needed to push a stand-alone brand. Hero carefully crafted its brand elements and ensured that they aligned with the company’s values. Hero chose the new name Hero MotoCorp, with the word *moto* connoting motorized two-wheelers. Its global aspirations were indicated by the launch of the new brand in London in August 2011. The new logo was contemporary and futuristic in style, with a three-dimensional “H” in red and black. The red in the logo stood for energy, passion, and confidence, while the black stood for solidity and premium quality.

Before the separation, Hero Honda’s tag line had been *Desh ki Dhadkan* (The Heartbeat of the Nation)—a big success, especially at events like the Cricket World Cup in 2003. The new tag line was *Hum Mein Hai Hero* (There is a Hero in Each One of Us). This helped the company connect with the consumer at an individual level.

As part of the corporate brand makeover during 2011–2013, the company launched the Billion Voices program. The aim of the program was to use crowdsourcing as a means of attracting customers toward the brand. The company leveraged the increasing popularity of social media and the Internet, and millions of people uploaded videos of themselves singing “Hum Mein Hai Hero.” Selected videos were combined into an advertisement and were broadcast on commercial television channels. Beyond promoting the corporate brand, the company also released a series of product-specific advertisements. By 2013, the corporate rebranding program was essentially complete.

In August 2016, timed to coincide with the 2016 Summer Olympics in Rio, the company launched the Hero Come Home Safe campaign. The campaign featured anxious family members, from young children to grandparents, waiting for their loved ones to return home safe. The minute-long spot was part of Hero’s CSR initiative Ride Safe India (see Exhibit 7). It was aimed to sensitize consumers by linking road safety to family bonds. The campaign generated close to 15 million views on social media platforms.

Several automobile manufacturers also launched safety campaigns around the same time. Car manufacturer Ford India Pvt. Ltd. rolled out a *Raksha Bandhan*[[6]](#footnote-6) advertisement in July featuring Indian film actress Kalki Koechlin. The commercial showed Koechlin tying a *rakhi*[[7]](#footnote-7) on her own wrist as she drove off. Maruti Suzuki India Ltd. rolled out eight television commercials urging customers to drive safely by wearing a seat belt, following lane driving, avoiding phone calls while driving, and not driving drunk. Chevrolet India Ltd. piloted its first safety campaign, Drive with Care, during the monsoon season—a time when fatalities (of car passengers and pedestrians) increased.

The slew of safety advertisements were linked to the public’s perception that vehicle safety was lacking. In May 2016, five Indian cars failed crash tests, due in large part to the absence of airbags. The Global New Car Assessment Program, a U.K.-based safety and testing organization, had conducted the tests. Also, in June 2016, the Advertising Standards Council of India reissued its guidelines for automotive vehicles, which it had formed in 2008, clearly stating that no advertisement campaign should show reckless driving or stunts that required professional driving skills. Stunts depicted in advertisements were required to come with a disclaimer. The guidelines also urged two- and four-wheeler manufacturers to promote safe practices, including wearing helmets, fastening seat belts, and not using mobile phones while driving.

ROAD SAFETY

India had the second-longest road network in the world, and the government planned to add 30 kilometres of road per day. Therefore, India’s growth depended on automobiles. An increased road network, along with rising incomes, led to an increase in the number of vehicles. At the same time, there was a general lack of awareness of basic traffic rules, road signs, traffic lights, and security precautions, mainly due to lax standards in issuing licences and outdated traffic laws. A lack of road safety awareness, coupled with weak policing of the roads, led to the common occurrence of people driving without seat belts or a driver’s licence. Because the *Motor Vehicles Act*, which governed traffic and vehicles in India, had not been updated since 1988, safety features in automobiles were low in priority. Motorists were reluctant to help accident victims for fear of getting involved in long, drawn-out court cases. Medical help was often late to arrive or unavailable. Safety initiatives undertaken by the government and non-governmental organizations had little effect.

According to the World Health Organization’s 2017 report *Managing Speed*,[[8]](#footnote-8) a major factor in road safety was rapid urbanization. Road traffic death and injuries could be attributed to the increased number of vehicles on the road; more traffic in urban areas had also led to a higher level of pollution, resulting in respiratory diseases. Faster vehicles improved mobility and travel times, but increased the rate of road accidents and caused more severe injuries at higher speeds. The World Health Organization suggested four approaches to improving road safety: safe speeds, safe road users, safe vehicles, and safe roads and roadsides (see Exhibit 8).[[9]](#footnote-9)

The Ministry of Road Transport and Highways reported 480,652 accidents and 150,785 deaths in India in 2016.[[10]](#footnote-10) According to the *Managing Speed* report, “Approximately 1.25 million people die every year on the world’s roads as a result of road traffic crashes.”[[11]](#footnote-11) The importance of road safety was marked by the fact that it had become a part of the United Nations’ Sustainable Development Goals for 2030. By 2020, the objective was to reduce the number of global deaths and injuries from road traffic accidents by 50 per cent.

STRATEGIC ELEMENTS OF ROAD SAFETY PROGRAMS

HMCL’s strategy to address safety issues was based on three main factors:

* ***Behavioural change:*** HMCL attempted to effect behavioural change through Traffic Training Parks, where both adults and children learned about road safety and adopted good habits. Children were considered significant influencers. When a child asked the parent to wear a seat belt or a helmet, the parent was compelled to comply.
* ***Formal education:*** Road safety classes were conducted in Delhi and through the Student Police Cadet program, which trained 2,200 students. The program considered children to be change agents and influencers within their family and society in general. The program was eventually expanded to colleges and universities. HMCL trainers used audiovisual equipment and mobile vans to motivate people through street play.
* ***Awareness:*** To ensure that behavioural change and formal education reached its target, the company used social media and mass media (primarily television). The message was delivered in three different segments: Come Home Safe, Afterlife, and Buddy. The message in the Come Home Safe series was “Your family is waiting for you, so be safe.” The Afterlife series focused on what would happen if the driver died. The Buddy series, which focused on steps to take to be safe, acted like an alter ego that pointed out mistakes and suggested corrective actions (e.g., “Listen to yourself.”). The promotions were delivered on a sequential basis.

The company aimed to attack the safety issue by focusing on the individual first, then on the family, and finally on society. It pushed the message recipient to think about family (the Come Home Safeseries) and about oneself (the Buddyseries), otherwise there would be dire consequences (the Afterlifeseries). The approach attempted to raise awareness, educate people, and create social pressure. Having raised awareness about road safety, the company engaged in ground-level activities to encourage safe driving.

RIDE SAFE INDIA PROGRAM

HMCL engaged in multiple activities to address issues that led to accidents and fatalities on the roads, including the Ride Safe India program, which became the company’s flagship CSR activity.

Within a year of scaling up, Ride Safe India was recognized by the Indian government’s Ministry of Road Transport and Highways. The program also involved the police forces of various Indian states in running various road safety awareness campaigns for two-wheeler riders, most of which were focused on school students. Participants underwent a structured training module aided by world-class training facilities. For building awareness around road safety, the team from HMCL participated in activities including walks, online campaigns, blogs, social media engagements, and safety-focused “sensitizing” films.

Traffic Training Parks

The objective of the Traffic Training Parks was primarily to address one of the root cause of road fatalities—driver error. Traffic Training Parks were set up in the cities of Gurugram, Delhi, Lucknow, Hyderabad, Nagpur, and Rourkela, and were adopted by HMCL to run its road safety programs. Some of the activities undertaken at the parks included two-wheeler riding training programs for all drivers. The training parks were equipped with riding simulators, safety riding tracks, stretches of road with varying conditions, and safe-riding equipment. The trained faculty educated participants on road safety through specially prepared audiovisual aids.

Student Police Cadets

The Student Police Cadets project was aimed at making students ambassadors of road safety while grooming them to become model citizens. The project, run at schools in Gurugram, involved sessions on road safety awareness, traffic management, community development skills, leaderships skills, disaster management, and waste management. The project also involved physical training for children, along with outdoor activities and sports.

Awareness Programs

To spread awareness of the importance of road safety, HMCL ran major social media campaigns on road safety. The company interacted with thousands of individuals through its sensitizing content delivered over Facebook, YouTube, and Twitter. The viral Afterlife videos had an impressionable message. The Buddy series, which included a collection of animated videos on road safety for schoolchildren was given to the Ministry of Road Transport and Highways for its use. Various other videos were broadcast on prime time television during the UEFA EURO 2016 soccer championships and the Rio Olympics to reach the masses.

The Ride Safe India program (see Exhibit 9) covered many people across many states. Over 160,000 individuals including students, teachers, police personnel, and HMCL customers participated in Traffic Training Parks and road safety awareness programs. About 1.2 million people participated in a road safety competition organized in association with the Delhi Police. The message of safe riding through 2,400 various activities during National Road Safety Week reached 75,000 individuals. Twenty-two hundred students from 50 schools enrolled as Student Police Cadets in association with the Haryana Police. Six Traffic Training Parks were operational in six states.

LEVERAGING SOCIAL media TO GAIN SCALE[[12]](#footnote-12)

When Sethi took over as the head of CSR at HMCL, he quickly realized the potential of information technology to leverage the company’s CSR efforts. He used the Internet to spread awareness about the girl child empowerment program and to encourage people across the country to support the cause. Technology and social media increased the scale of HMCL’s CSR initiatives, as Sethi explained:

What were once silo efforts towards CSR were now being turned into holistic endeavours that were visible and had an impact on the ecosystem. . . . The way we wanted to use social media was to make sure that the right message is delivered to the right people using the most relevant medium. Targeted communication was done on a large scale, helping in scaling up the awareness attempts.

Sethi launched a video social media campaign for *Hamari Pari* (Our Angel), which was HMCL’s program for underprivileged girls. The response was remarkable, with 2.8 million views on the first day and trending on Twitter for eight hours. “The social media campaign created such a buzz on girl empowerment with many celebrities and also Facebook lauding the social cause,” he said.

HMCL’s videos on social media, promoting road safety, received 28 million views. Sethi explained how they were distributed:

We at Hero MotoCorp have been utilizing the power of social media a lot over the years in our marketing efforts. So, when we were planning to find ways and means to supplement our CSR efforts and to create mass awareness on areas like girl child empowerment, child education and road safety, leveraging the power and reach of social media—be it Facebook, You Tube, Twitter or others—became a natural choice. We created some nice films and videos on these themes and the response has been fantastic with many of them getting 1 million plus views. We also used Twitter to create awareness among youth on safe riding. We did an hour-long tweet chat with youngsters to educate them on road safety. . . . As part of our Ride Safe India initiative, we have also partnered with UP [Uttar Pradesh] Police in their Responsible Citizen program, with Gurgaon Police as part of the Student Police Cadet Program and with Delhi and Telangana Police to create awareness on various aspects of road safety.

A Time to Introspect

Sethi was pleased with the growth of HMCL’s CSR program, particularly the Ride Safe India program. He was also pleased with the success of the company’s social media campaign. Road safety was being discussed in the national media and many states had started making helmets mandatory. Although he was proud of the achievements to date, he knew that there was much more to accomplish, but he was unsure how to proceed:

We have made a decent start. It’s a long road, but hopefully a safe road. We do all these programs in schools and universities; [we] run social and mass media campaigns. Has this led to a reduction in accidents? I don’t know. Is it leading to people becoming safer? I don’t know. When you are spending so much money on this, is it really bearing fruit? One way to look at it is to say that today more than 250,000 families are more aware about road safety and therefore making roads a bit safer. Also, compounding the problem is [that the] population is increasing, roads are getting congested, and chances of accidents [are] increasing. That is the dilemma I’m facing. Should we keep concentrating on the three approaches of behaviour change, education, and awareness? Or should we try something radically different? Should we dump road safety altogether and try something different. What should I do?

**EXHIBIT 1: HMCL KEY FINANCIALS (STAND-ALONE)**

|  |  |  |
| --- | --- | --- |
| **Income Statement** | |  |
| Year ended March 31 (₹ million) | | |
|  | **2016** | **2017** |
| Net Sales | 314,801 | 313,686 |
| Operating Profit | 47,327 | 48,774 |
| Profit before Tax | 44,349 | 46,585 |
| Profit after Tax | 35,463 | 31,602 |
|  |  |  |
| **Balance Sheet** | |  |
| As of March 31 (₹ million) | | |
|  | **2016** | **2017** |
| Net Worth | 88,344 | 101,113 |
| Non-current Liabilities | 2,901 | 4,897 |
| Current Liabilities | 34,483 | 40,933 |
| Non-current Assets | 64,216 | 72,411 |
| Current Assets | 61,512 | 74,532 |

Note: ₹ = INR = Indian rupee; US$1 = ₹63.85 on December 31, 2017

Source: Hero MotoCorp Ltd., Hero MotoCorp Ltd. Annual Report 2016–17, March 31, 2017, accessed October 8, 2017, www.heromotocorp.com/en-in/uploads/Annual\_Reports/pdf/20170615081147-pdf-23.pdf.

EXHIBIT 2: HCML Corporate Social Responsibility PROGRAMS

|  |  |
| --- | --- |
| Hero MotoCorp Ltd. engaged in its business based on nine principles: | |
| Principle 1: | Businesses conduct and govern themselves with ethics, transparency and accountability. |
| Principle 2: | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle. |
| Principle 3: | Businesses should promote the wellbeing of all employees. |
| Principle 4: | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised. |
| Principle 5: | Businesses should respect and promote human rights. |
| Principle 6: | Businesses should respect, protect and make efforts to restore the environment. |
| Principle 7: | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner. |
| Principle 8: | Businesses should support inclusive growth and equitable development. |
| Principle 9: | Businesses should engage with and provide value to their customers and consumers in a responsible manner. |

Exhibit 2 (continued)

|  |
| --- |
| The corporation’s corporate social responsibility programs were carried out under five heads: Ride Safe India, Hamari Pari and Educate to Empower, Happy Earth, Community Care, and Digi Aware. The Hero brand promised to improve the lives of everyone it touched—its employees, its customers, its business partners, its shareholders, and the communities in which it operated.   * The **Ride Safe India** program was the company’s road safety initiative. * The **Hamari Pari** (Our Angel) program benefited over 120,000 young underprivileged adolescent girls by helping ensure they could grow up in the right conditions, with the right support. This was done through providing financial assistance as well as holding motivational and guidance session for both parents and the children. The Hamari Pari campaign was acknowledged by Facebook, which made “Supporting Hamari Pari” a custom cause under status activities.   The **Educate to Empower** (E2) program aimed to holistically tackle deep-seated issues within India’s education system. The program provided long-term solutions for issues such as low enrolment in schools. It focused on improving school infrastructure to improve the quality of education and learning outcomes. The program encouraged the development of life skills and technical skills that would empower its beneficiaries, ensuring employability.   * The **Happy Earth** program aimed to protect, conserve, restore, and optimally use environmental resources with facilitation and through awareness programs. This was achieved through tree plantation drives, building toilets in schools to promote cleanliness, conservation, the restoration of water bodies, and wildlife conservation. * The **Community Care** initiative was undertaken in about 100 villages to improve the socio-economic conditions of the people living there. This included health check-ups and the provision of mobile medical vans, skill development, taking care of street dwellers during winters, protecting the welfare of animals, and the promotion of sports. * The **Digi Aware** program aimed to gain traction for the company’s safety campaign on social media. The company actively campaigned on social media through Facebook, YouTube, and Twitter. During UEFA EURO 2016 soccer championships and the Rio Olympics, the company telecast short films about safety awareness on television. These films received more than 43.5 million views on social media for ride safe awareness. |

The performance of the company’s various corporate social responsibility programs is outlined below:

|  |  |  |
| --- | --- | --- |
| **Program** | **Positive Effects in 2016–17** | **Positive Effects in the Past Two Years** |
| Ride Safe India | 157,645 participants | 255,710 participants |
| Hamari Pari & E2 | 93,619 beneficiaries | 123,988 beneficiaries |
| Happy Earth | 97,730 plantations and 434 toilets | 257,000 plantations and 516 toilets |
| Community Initiatives | 61,119 beneficiaries | 115,890 beneficiaries |
| Digi Aware | Over 16.3 million views on social media | Over 43.5 million views on social media |

Source: Company documents; Hero MotoCorp Ltd., *Hero MotoCorp Ltd. Annual Report 2016–17*, March 31, 2017, accessed October 8, 2017, www.heromotocorp.com/en-in/uploads/Annual\_Reports/pdf/20170615081147-pdf-23.pdf.

**EXHIBIT 3: CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES UNDER *WE CARE* AT HMCL**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Ride Safe India** | **Hamari Pari and E2** | **Happy Earth** | **Community Care** | **Digi Aware** |
| Traffic Training Parks to provide Safe riding training | Life skills development, education, health, and hygiene for girls | Hero Green Drive—tree plantation drives | Project *Arogya*—health care projects including health camps and mobile medical vans | Using social media, the Internet, and other media such as animated films, videos, blogs, and chats to spread awareness on issues related to road safety, girl child empowerment, and education |
| Student Police Cadet project to promote safety and values among students | Mobile Science Labs to impart science education and career guidance and counselling for students | Project *Swachh Vidyalaya* to build toilets in schools | Project Skill-our-Youth—skill-development projects like tailoring, beauty parlour, two-wheeler mechanic, and other courses |
| Road Safety Clubs and Road Safety Vans in schools to promote road safety among students | Projects to empower women police officials | Project *Jal hi Jeevan Hai*—aimed at the conservation and restoration of water bodies, providing drinking water, and creating awareness of cleaning the *Ganga* | Mission *We Care*—winter rescue to save homeless people who sleep on Delhi’s streets, and to support victims of natural calamities |
|
| Ride Safety Awareness campaigns and drives across the community | Infrastructure development in schools | Promoting the conservation and protection of wildlife | Strengthening community through camps for the welfare of animals, promoting sports, etc. |

Note: E2 = Educate to Empower; Jal hi Jeevan Hai = Water is life; Ganga = The Ganges River; Arogya = wellness

Source: Company documents.

**EXHIBIT 4: DOMESTIC AUTOMOBILE UNIT SALES TREND**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Category** | **2011–12** | **2012–13** | **2013–14** | **2014–15** | **2015–16** | **2016–17** |
| Passenger Vehicles | 2,629,839 | 2,665,015 | 2,503,509 | 2,601,236 | 2,789,208 | 3,046,727 |
| Commercial Vehicles | 809,499 | 793,211 | 632,851 | 614,948 | 685,704 | 714,232 |
| Three-Wheelers | 513,281 | 538,290 | 480,085 | 532,626 | 538,208 | 511,658 |
| Two-Wheelers | 13,409,150 | 13,797,185 | 14,806,778 | 15,975,561 | 16,455,851 | 17,589,511 |
| Grand Total | 17,361,769 | 17,793,701 | 18,423,223 | 19,724,371 | 20,468,971 | 21,862,128 |

Source: “Domestic Sales Trends,” Society of Indian Automotive Manufacturers, accessed February 8, 2018, [www.siamindia.com/statistics.aspx?mpgid=8&pgidtrail=14](http://www.siamindia.com/statistics.aspx?mpgid=8&pgidtrail=14).

**EXHIBIT 5: UNIT SALES OF MAJOR PLAYERS IN THE TWO-WHEELER INDUSTRY**

|  |  |  |
| --- | --- | --- |
| **Company** | **January–December 2015** | **January–December 2016** |
| Hero MotoCorp Ltd. | 6,296,920 | 6,580,230 |
| Honda Motorcycle and Scooter India Pvt. Ltd. | 4,314,558 | 4,727,009 |
| TVS Motor Company | 2,145,384 | 2,483,844 |
| Bajaj Auto Ltd. | 1,807,612 | 2,056,634 |
| India Yamaha Motor Pvt. Ltd. | 594,608 | 786,475 |
| Royal Enfield | 444,527 | 622,454 |
| Suzuki Motorcycle India Pvt. Ltd. | 328,423 | 317,029 |
| Mahindra and Mahindra Ltd. | 151,005 | 69,106 |
| Piaggio Vehicles Pvt. Ltd. | 37,118 | 27,830 |
| Harley-Davidson Motor Company India Pvt. Ltd. | 4,241 | 4,445 |

Source: Ronak Shah, “Top 10 Two Wheeler Manufacturers in India in 2016,” *The* *Economic Times*, January 13, 2017, accessed October 8, 2017, <http://auto.economictimes.indiatimes.com/news/two-wheelers/scooters-mopeds/top-10-two-wheeler-manufacturers-in-2016/56491780>.

EXHIBIT 6: HMCL PRICE POINT OF TWO-WHEELER VARIANTS

|  |  |
| --- | --- |
| **Brand** | **March 2017 (₹)** |
| **Motorcycles** | |
| HF-Dawn | 39,700 |
| HF-Deluxe | 46,630 |
| Splendour Pro | 51,435 |
| Splendour imSmart 110 | 54,080 |
| Passion Pro | 52,105 |
| Passion X-Pro | 53,430 |
| Super Splendour | 55,575 |
| Glamour | 56,655 |
| Hunk | 71,020 |
| Xtreme | 71,930 |
| Karizma | 86,280 |
| **Scooters** |  |
| Pleasure | 47,255 |
| Maestro | 48,830 |
| Maestro Edge LX | 50,330 |
| Maestro Edge VX | 51,480 |
| Duet LX | 48,130 |
| Duel VX | 49,780 |

Source: Sona Gupta, “India 2W Sector: Looking at Price Hikes,” UBS Global Research Report, March 15, 2017.

EXHIBIT 7: HMCL ROAD SAFETY VIDEOS

**Video 1**

One of the videos features a young boy and girl dressed like adults and running through the streets. The boy, with an office bag, has a toy in his hand in place of a steering wheel. The girl holds on to his shoulder, acting as if the duo is on a bike. They ask onlookers to join in while running, before they fall abruptly on a carpet. The boy stays motionless on the ground, while the girl looks on. A crowd gathers to see what has happened. Two other boys join in, and here starts an impromptu street play. One of them points out that the crowd gathered is looking for *tamaasha* (entertainment) as there is action, drama, and emotion in this story (the accident). He goes on to deliver the message: when there is an accident, do not gather there for the entertainment, call for an ambulance instead, to help the victim. The gathered crowd applauds the act while the film ends with this line from Ride Safe India: “Don’t be a bystander. Help accident victims.”

**Video 2**

Another video narrates a story through the eyes of a fly. The fly says that as a young man in its previous birth, he always looked for danger, and that is why he would not ride a bike but “fly” it. He died while riding a bike because he was not wearing a helmet. As the fly moves around the house, it is attacked by everyone, and this makes the fly feel as if it is living on the edge, just as the young man did in the past life. The film ends with the line, “Don't bank on the afterlife. Always wear a helmet while riding.”

**Video 3**

Another video follows a similar pattern as the video described above, this time through the eyes of a snail. The snail reveals that in its previous life as a human, it hated waiting for anything, and that green or red lights on a traffic signal did not matter to him. So, one day as he ran across the road, a car ran over him, and ended his life. Now, he is back as a snail, and has been waiting to cross the road for the last three hours.

**Campaigns**

*Afterlife Series*, India

Campaign Insight: There is shock value in becoming a creature in the next life.

Campaign Objective: Promote safe riding among youth by shaking them up and informing them about the perils of not driving safely.

*Come Home Safe* Series, India

Campaign Insight: Ride safe for the one who is waiting for you at home.

Campaign Objective: Bring to the fore the sensitive issue of road safety.

*Buddy* Series, India

The *Buddy* series is a collection of 40 animated videos on various aspects of road safety—such as wearing a helmet, wearing a seat belt, etc.—where the “Buddy” tells road the right way to practice road safety.

Source: “Afterlife Series,” YouTube videos, posted by TheHeroMotoCorp, last updated November 8, 2016, accessed May 6, 2018, https://www.youtube.com/playlist?list=PLjoUvhEO2OPhS1B0TUsLb0fhrmfD6Pfwr; “Hero Come Home Safe,” YouTube video, 1:00, posted by TheHeroMotoCorp, August 5, 2016, accessed May 6, 2018, https://www.youtube.com/watch?v=ix\_FNqL1w5I.

**EXHIBIT 8: APPROACH TOWARDS ROAD SAFETY**

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Source: Department of Transport and Main Roads, *Safer Roads, Safer Queensland: Queensland’s Road Safety Strategy 2015–21*, 9, 2015, accessed May 6, 2018, Queensland Government, https://www.tmr.qld.gov.au/-/media/Safety/roadsafety/Strategy-and-action-plans/roadsafetystrategy201521.pdf?la=en. Licensed under CC (Creative Commons) by 3.0AU.

**EXHIBIT 9: PERFORMANCE OF ROAD SAFETY PROGRAMS**

|  |  |  |  |
| --- | --- | --- | --- |
| **Project Title** | **Activities** | **Duration** | **Assessment Timeline** |
|
| Traffic Training Parks | * Focused training courses/workshops for the masses * Use of hi-tech equipment—simulators for drivers’ training * Engagement with schools—planned trips, seminars, etc. | Ongoing | Until March 2017, there were six Traffic Training Parks in six Indian states. |
| Student Police Cadets | * Curriculum content creation (books, leaflets, etc.) * Logistics support * Conducting training and awareness camps | Ongoing | Until March 2017, 2,200 cadets in 50 schools were enrolled in the program. |
|
|
| Road Safety Awareness (Social Media & Television) | * Creation of awareness content (text, print, pictures, and videos) * Use of social media and mainstream media tools to propagate the created content | Ongoing | Over 30 million individuals annually receive a “Ride Safe” message. |
|
| Road Safety Awareness (BTL + focused awareness projects) | * BTL activities: awareness drives, workshops, safety weeks, and other such events * Road Safety Vans * Awareness project with Indian Railways at railway stations in the National Capital Region * Awareness project with the Ministry of Road Transport & Highways * Responsible Citizen Program with police in Uttar Pradesh * Awareness activities with the state police/road transport departments of various states * Participation in forums/seminars for awareness and partnerships, in order to expand reach | Ongoing | Thousands of people engage annually with various awareness programs |

Note: BTL = below the line; BTL advertising is more one-to-one, and involves the distribution of pamphlets, handbills, stickers, promotions, and brochures placed at points of sale and banners and placards on roads; the National Capital Region surrounds India’s capital city of Delhi

Source: Company documents.

1. ₹ = INR = Indian rupee; US$1 = ₹63.85 on December 31, 2017; all currency amounts are in ₹ unless otherwise specified. [↑](#footnote-ref-1)
2. HMCL’s fiscal year was April 1 to March 31; Hero MotoCorp Ltd., *Hero MotoCorp Ltd. Annual Report 2016–17*, 127, March 31, 2017, accessed October 8, 2017, www.heromotocorp.com/en-in/uploads/Annual\_Reports/pdf/20170615081147-pdf-23.pdf. [↑](#footnote-ref-2)
3. Ibid. [↑](#footnote-ref-3)
4. Sunila George, Raghbendra Jha, and Hari K. Nagarajan, “The Evolution and Structure of the Two-Wheeler Industry in India,” Crawford School of Public Policy, accessed October 8, 2017, https://crawford.anu.edu.au/acde/asarc/pdf/papers/2002/WP2002\_02.pdf. [↑](#footnote-ref-4)
5. Sona Gupta, “India 2W Sector: Looking at Price Hikes,” UBS Global Research Report, March 15, 2017; Tripti Ghosh Sharma and Naval Shevade, *Hero Motocorp*, (London, ON: Ivey Publishing, 2015). Available from Ivey Publishing, product no. 9B1M056. [↑](#footnote-ref-5)
6. Raksha Bandhan was an Indian festival where sisters tied a band on their brothers’ wrists, seeking their protection. [↑](#footnote-ref-6)
7. A sacred band. [↑](#footnote-ref-7)
8. World Health Organization, *Managing Speed*, 2017, accessed October 8, 2017, http://apps.who.int/iris/bitstream/10665/

   254760/1/WHO-NMH-NVI-17.7-eng.pdf?ua=1. [↑](#footnote-ref-8)
9. World Health Organization, *Save LIVES: A Road Safety Technical Package*, 9, May 2017, accessed October 8, 2017, <http://apps.who.int/iris/bitstream/10665/255199/1/9789241511704-eng.pdf?ua=1>. [↑](#footnote-ref-9)
10. Press Information Bureau, Government of India, Ministry of Road Transport & Highways, *Road Accidents in India—2016*, September 6, 2017, accessed October 8, 2017, http://pib.nic.in/newsite/PrintRelease.aspx?relid=170577. [↑](#footnote-ref-10)
11. World Health Organization, *Managing Speed*, op. cit. [↑](#footnote-ref-11)
12. Information and quotations in this section came from Sneha Ja, “How Vijay Sethi Leveraged Social Media to Increase the Impact of CSR Efforts at Hero Moto Corp,” ETCIO.com, July 19, 2016, accessed October 8, 2017, http://cio.economictimes.indiatimes.com/news/case-studies/how-vijay-sethi-leveraged-social-media-to-increase-the-impact-of-csr-efforts-at-hero-moto-corp/53265792. [↑](#footnote-ref-12)