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Royal Enfield: Matchless Growth and Dominance[[1]](#endnote-1)

Jagandeep Singh wrote this case solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

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On January 1, 2020, Royal Enfield, the motorcycle division of Eicher Motors Limited (Eicher), recorded a 15 per cent year-to-date drop in unit sales. Unit sales had declined for the third consecutive quarter of financial year (FY) 2019–20.[[2]](#endnote-2) In FY 2018–19, the company had sold 823,828 motorcycles, which was only a slight increase in unit sales from the previous year.[[3]](#endnote-3) This was in contrast with Royal Enfield’s overwhelming success in the past, when unit sales had increased a multiple of 19 times. Specifically, the company went from selling 43,298 motorcycles in calendar year 2008 to selling 820,492 motorcycles in FY 2017–18[[4]](#endnote-4) to capture 96 per cent of India’s market for the 250–750 cubic capacity[[5]](#endnote-5) (cc) motorcycle market segment.[[6]](#endnote-6) However, with the number of units sold increasing only slightly in the most recent year and then declining in the previous three consecutive quarters, Royal Enfield seemed to have hit a speed bump on its growth journey.

The first day of January 2020 was also the launch of a strong competitor: Jawa Perak. This was the third motorcycle model within two years that Mahindra & Mahindra (Mahindra) had launched in India’s mid-size motorcycle market segment. In 2018, Mahindra had marked its entry in the segment with the launch of the Jawa and the Jawa Forty Two.[[7]](#endnote-7) Both models had been met with an overwhelming response. The motorcycles were sold out within a month of their launch, despite a nine-month waiting period for delivery. All three models were introduced through Mahindra’s subsidiary, Classic Legends Private Limited (CLPL). This time, CLPL had decided to boost production and enhance its distribution network to increase sales and better meet demand expectations.[[8]](#endnote-8) US-based Harley-Davidson Inc. (Harley-Davidson) entered India’s motorcycle market in 2009. It was a key player in the high-end, 250–750 cc motorcycle segment. It was contemplating a down-market stretch. This move would pose a clear competitive threat for Royal Enfield.[[9]](#endnote-9)

After years of near monopoly in India’s 250–750cc motorcycle segment, Royal Enfield was facing fierce competition. In the last two years, the Jawa motorcycle brand had emerged as a strong challenger to Royal Enfield motorcycles.[[10]](#endnote-10) The introduction of the Jawa Perak in 2020 would further threaten Royal Enfield’s dominance in its segment. What strategic options did Royal Enfield have to maintain its unmatched growth rate and unrivalled market leadership?

Industry Landscape

India’s two-wheeler market included scooters and mopeds, as well as motorcycles. Overall, the total number of two-wheeler units sold in India had increased steadily in the previous five years, reaching 21.18 million units sold in FY 2018–19 (see Exhibit 1). That year, motorcycles accounted for 64 per cent of units sold and scooters accounted for 32 per cent, while the remaining 4 per cent consisted of mopeds.[[11]](#endnote-11)

India’s motorcycle industry, which included various different classes and segments, was dominated by several major companies including Hero MotoCorp Limited (Hero), Bajaj Auto Limited (Bajaj), Honda Motorcycle and Scooter India (Honda), and TVS Motor Company Limited (TVS). These companies were the industry’s mass market giants. Collectively, they accounted for more than 90 per cent of the market. Hero was the market leader, with a 50.7 per cent share of the overall motorcycle market.[[12]](#endnote-12) The number of current owners looking to replace their 100–150cc motorcycles was huge. Such replacement demand was estimated to be 1 million units per year.[[13]](#endnote-13) Customers who planned to upgrade from the 100–150cc to the 250–750cc motorcycle segment could not find a more competitively-priced option than Royal Enfield.

The upper end of the motorcycle market was dominated by the US global giant Harley-Davidson, which operated in the lifestyle premium segment of 600cc and higher.[[14]](#endnote-14) Although Harley-Davidson imported some of its models into India as completely built units (CBU), most were imported as completely knocked down (CKD) units that were assembled locally.[[15]](#endnote-15) Both CBU and CKD units attracted high import duties.

In February 2018, India’s Central Board of Excise and Customs considerably reduced the previously high import duties down to 50 per cent on CBU units[[16]](#endnote-16) and only 25 per cent on CKD units.[[17]](#endnote-17) However, the custom duties on engines and gearboxes imported as part of CKD units was increased from 10 per cent to 15 per cent. The objective was to promote domestic production of these parts.[[18]](#endnote-18) Motorcycles manufactured in India attracted a tax levy of 28–35 per cent due to imposition of different types of taxes.[[19]](#endnote-19) For example, after the Indian government implemented the Goods and Services Tax in 2010, motorcycles with an engine displacement (i.e., size or power) of up to 350cc were taxed at 28 per cent, whereas those more powerful models with an engine displacement of greater than 350 cc were taxed at 31 per cent.[[20]](#endnote-20)

In India’s overall motorcycle market, Royal Enfield controlled a share of 6 per cent.[[21]](#endnote-21) However, it commanded a 96 per cent share of the 250–750cc market segment, where it had very little competition. In FY 2018–19, a total of 3.28 million two-wheeler vehicles were exported from India, of which 2.87 million consisted of motorcycles (see Exhibit 1). That same year, India recorded a total of 13.6 million motorcycles sold domestically.[[22]](#endnote-22)

The growth of the Indian economy had slowed in recent years. India’s gross domestic product had dropped from 8.17 per cent in 2016 to 7.17 per cent in 2017, and the country recorded a continuing downward trend to 6.81 per cent in 2018.[[23]](#endnote-23) During this time, the two-wheeler industry also saw a reduction. Sales of two-wheeler vehicles dropped by 15.8 per cent during the period of April to December 2019 compared to the same period the previous year. The motorcycle segment of the overall two-wheeler market registered a decline of 15.04 per cent during this same period.[[24]](#endnote-24)

Consistent with the trend across the country and in the industry, Royal Enfield also registered a drop of 15 per cent in the first three quarters of FY 2019–20. Specifically, the company’s sales were 18.54 per cent lower in the first quarter, 20.71 per cent lower in the second quarter, and 6.01 per cent lower in the third quarter that ended December 31, 2019 (see Exhibit 2).

About Eicher

Eicher was incorporated in 1982. The company was among the market leaders of India’s automobile industry, with a major presence in motorcycles and commercial vehicles. As of March 31, 2019, the company’s promoter group (i.e., founding members) held a 49.32 per cent stake in Eicher. Foreign institutional investors also held a large share of the company, at 32.49 per cent, whereas domestic investors held only a 4.55 per cent share. The remaining 13.64 per cent of Eicher stock was held by various other shareholders.[[25]](#endnote-25)

In the early 2000s, Eicher began divesting business assets to focus on its motorcycle and truck businesses. By the end of the decade, the retrenchment strategy had paid off in rich dividends. Eicher went from being a small competitor in many businesses, such as footwear and garments, to a dominant competitor in the motorcycle and commercial vehicle markets.[[26]](#endnote-26) Royal Enfield had thus become one of the company’s two major business lines (the other one being VE Commercial Vehicles),[[27]](#endnote-27) which together contributed the bulk of Eicher’s revenues and profits.[[28]](#endnote-28)

Royal Enfield

Royal Enfield’s product portfolio included motorcycles, apparel, and accessories. In FY 2018–19, the company contributed ₹97.94 billion[[29]](#endnote-29) to Eicher’s total revenue, up from ₹89.58 billion in 2017–18.[[30]](#endnote-30) Royal Enfield’s share of India’s overall motorcycle market was minimal, but the company clearly dominated the 250–750cc segment, with a 96 per cent market share.[[31]](#endnote-31)

Most commuter motorcycle users in India who wanted to upgrade from mopeds and low displacement two-wheelers to more powerful, higher displacement motorcycles saw Royal Enfield as their only choice. As the market leader for this segment of consumers, the company benefited from India’s growing middle class,[[32]](#endnote-32) the rising affluence of consumers,[[33]](#endnote-33) and peoples’ increasing penchant for leisure and long-distance touring on motorcycles.[[34]](#endnote-34)

Royal Enfield already enjoyed high brand equity in India as “the oldest motorcycle brand in continuous production.”[[35]](#endnote-35) However, the company aimed to become an “experiential brand.” By reaching a top position in the country for customer satisfaction, Royal Enfield would be in the “perfect space” of the global motorcycle industry.

Exponential Growth

In FY 2002–03, Royal Enfield sold just over 28,000 motorcycles.[[36]](#endnote-36) Its products were commonly associated with complaints of oil leaks, electrical failure, breakage of clutch cables, and engine seizure.[[37]](#endnote-37) At that point, the company decided that it had to rethink its business model and revamp the production process.

Royal Enfield made considerable changes to the engine in its motorcycles. However, it retained the characteristic thumping exhaust sound that had become associated with its motorcycles and gave its products a “retro” image.[[38]](#endnote-38) By 2010, Royal Enfield phased in unit construction engines for all its models, as a departure from the old cast iron engines. The overall motorcycle quality was upgraded, thereby removing what the company saw as “perceptual and physical purchase barriers” for consumers. Royal Enfield redesigned its products to provide customers with “practical leisure motorcycling.”[[39]](#endnote-39)

From that point on, Royal Enfield sales registered unparalleled growth. Sales increased from 52,576 units in 2010 to 823,828 units in 2019 (see Exhibit 3). The company had carefully considered all relevant factors to ensure such phenomenal growth.

Product Portfolio and Pricing

As Royal Enfield grew its consumer base, it began introducing new motorcycle models to appeal to a wider target market. The company’s portfolio included Bullet, Classic, Thunderbird, Himalayan, Interceptor 650, and Continental GT 650.[[40]](#endnote-40) Two models—Bullet and Classic—became synonymous with the Royal Enfield brand. In the 350cc engine displacement segment, Bullet and Classic accounted for 80 per cent of total sales.[[41]](#endnote-41)

Bullet was a robust and sturdy icon that was deeply entrenched in India.[[42]](#endnote-42) Its vintage appeal, coupled with affordable pricing[[43]](#endnote-43) helped Royal Enfield capture most of the mid-sized motorcycle market. An affordable pricing strategy also played a key role in achieving this objective.

In 2001, the launch of the Bullet Electra model, targeted at urban males aged 18–35, was Royal Enfield’s foray into leisure motorcycle travel.[[44]](#endnote-44) Key features of Bullet Electra were several attractive colour options and a smooth engine ride. The next year, Royal Enfield launched the cruising motorcycle Bullet Thunderbird[[45]](#endnote-45) and continued on its unchallenged and consistent path of domestic growth.

At that point, Royal Enfield decided that it was time to grow oversees. In September 2018, the company launched two new models—Interceptor INT 650 and Continental GT 650—in Santa Cruz, California. The twin-cylinder engine motorcycles were expected to catapult Royal Enfield to a leadership position in the global mid-sized motorcycle segment.[[46]](#endnote-46) Royal Enfield had last produced twin-cylinder motorcycles almost 40 years earlier, in 1970.

The launch of these two new models marked Royal Enfield’s global expansion. The Interceptor INT 650 model was priced at US$5,799 and the Continental GT 650 model was priced at US$5,999.[[47]](#endnote-47) Royal Enfield’s strategy was to attract new consumers and migrate current customers to the top end of the mid-sized motorcycle segment.[[48]](#endnote-48)

Production Capacity

Royal Enfield upgraded its quality management systems, increased production capacity, and acquired 20 hectares (50 acres) of land to set up a new manufacturing facility in Oragadam, just outside the major centre of Chennai, in the Indian state of Tamil Nadu. Construction started in February 2012, and the Oragadam plant became operational in April 2013, with an initial annual production capacity of 150,000 units.[[49]](#endnote-49)

With high demand and great optimism about the future, Royal Enfield wasted no time to begin the next phase of expansion in that same area. The company acquired another 20 hectares (50 acres) in the nearby town of Vallam Vadagal, adding a third manufacturing facility. The new facility was commissioned in August 2017. Only one year later, construction began on a further expansion project at that plant, which was scheduled for completion by the end of FY 2019–20.[[50]](#endnote-50)

In January 2019, Royal Enfield signed a memorandum of understanding with the state government of Tamil Nadu. The company received fiscal and monetary incentives in return for a planned investment of ₹15 billion in Tamil Nadu over a five-year period starting in May 2016. A similar agreement had been signed in 2012, when Royal Enfield initiated the process of setting up the Oragadam plant. Between 2011 and 2016, Royal Enfield had invested ₹3.5 billion in that geographical area.[[51]](#endnote-51)

The company’s production growth had been exponential. On March 31, 2008, Royal Enfield had a manufacturing capacity of 42,000 units.[[52]](#endnote-52) By March 2019, Royal Enfield’s three manufacturing facilities had a total capacity of 900,000 units. During FY 2018–19, the company manufactured 842,000 units at its manufacturing plants.[[53]](#endnote-53)

Focus on Quality

Royal Enfield enhanced its supply chain and in-house processes to develop high-quality products and to provide value to its customers. The company introduced advanced production management initiatives, such as the Japanese manufacturing methods Shoki Ryudo Kanri and Hoshin Kanriin, at its facilities.[[54]](#endnote-54) These management initiatives were intended to change the mindset of workers and encourage high-quality production. The focus of these new manufacturing methods was stringent quality checks conducted at the supplier’s premises and quality control measures intended to eliminate design flaws and manufacturing errors at all Royal Enfield facilities. The overarching aim was to make the entire value chain defect-free.[[55]](#endnote-55)

Most Royal Enfield suppliers were located within a 100-kilometre radius of the company’s manufacturing plants. With a focus on indigenous sources for the procurement of raw material, the company was receiving more than 98 per cent of raw material from local suppliers.[[56]](#endnote-56) The proximity of its plants to suppliers saved procurement cost and time, as well as provided environmental benefits. In FY 2017–18, Royal Enfield initiated a Supplier Assessment Process[[57]](#endnote-57) to gauge the social impact that its suppliers provided.

Royal Enfield was committed to technologically advanced design and development of its products. The company invested heavily in research and development (see Exhibit 4) and opened state-of-the-art technology centres in Leicestershire, United Kingdom, and in Chennai, India. At these centres, modern elements were combined with the company’s brand heritage to create distinctive motorcycles. Royal Enfield ensured that continuous focus on the design and manufacture of state-of-the-art motorcycles would keep the company well ahead of its competition.

Distribution Prowess

Over the years, Royal Enfield ramped up its distribution network considerably. The company’s motorcycle brand became deeply entrenched across India, reaching a presence of 915 dealers across 680 cities by 2019.[[58]](#endnote-58) Eventually, the company expanded into the country’s hinterland in its goal to penetrate the entire Indian market. In FY 2018–19, Royal Enfield opened 90 new stores, of which over 70 per cent were located in small cities and towns.[[59]](#endnote-59) Focusing on a small store format, the new locations mainly operated on the company’s 3S model—sales, spare parts, and service. The small store format enabled dealerships to become economically viable even with relatively low sales volumes.

Royal Enfield’s competitors were concentrated in major centres, with considerably fewer locations. CLPL had started operations with only 105 dealerships.[[60]](#endnote-60) It was in the process of adding new members to its distribution channel to better reach its target consumers,[[61]](#endnote-61) and Harley-Davidson was operating out of only 31 dealerships across India.[[62]](#endnote-62)

Advertisement and Promotions

In 2018–19, Royal Enfield spent ₹261 million on advertising (see Exhibit 5). Royal Enfield’s advertising campaigns reflected the brand’s personality of resilience, enduring character, and dogged spirit. The #MyBullet advertising campaign unveiled in 2019 encompassed three different television commercials to highlight these personality traits. A noteworthy feature of the campaign was the brand’s attempt to break the male motorcycle rider stereotype by featuring women riders.[[63]](#endnote-63) One commercial depicted a young woman leaving a library after dark and walking toward a motorcycle, where she asked three men to step aside from her Bullet 350 before confidently riding away on a brightly-lit open road.

Royal Enfield worked hard to provide a superior customer experience, which resulted in highly coveted positive word-of-mouth promotion among customers.[[64]](#endnote-64) In return, the company enjoyed a cult status among India’s dedicated motorcycle riders. For example, all 250 units of the limited edition Classic 500 Pegasus were sold out in less than 180 seconds.[[65]](#endnote-65)

The company also promoted motorcycle riding in the community. Royal Enfield organized various marquee rides and events with names such as Chase the Sun, White Out, After Dark, Tour of Rajasthan, and Tour of Bhutan.[[66]](#endnote-66) The rides challenged riders and their motorcycles to tackle tough terrain, and riders were rewarded with thrills, excitement, and new friendships formed among the numerous participants. Some of these events were held for many successive years, such as the annual Royal Enfield Himalayan Odyssey, which hosted its 16th event in July 2019. The ride began and ended in the northern India city of Chandigarh and lasted 15 days, spanning 2,066 kilometres across picturesque locations.[[67]](#endnote-67) Three years earlier, a women’s version had been added to this landmark event—the Himalayan Odyssey for Women—and became a regular feature from that year on.[[68]](#endnote-68)

Royal Enfield saw these events and experiences as an important component of its marketing mix, as did its competitors for their own events. For example, Mahindra’s promotional strategy for its Jawa motorcycle brand similarly organized various rides and events to develop a community of new Jawa riders.[[69]](#endnote-69)

Royal Enfield on International Soil

Royal Enfield motorcycles were sold in more than 50 international markets[[70]](#endnote-70) through 42 exclusive outlets and 600 multi-brand outlets.[[71]](#endnote-71) The company was committed to continuing its efforts to grow global sales. In FY 2018–19, motorcycle exports amounted to 19,721 units, which consisted of less than 2.5 per cent of the company’s total sales volume. The number of exports had increased each year, but average annual growth had remained considerably low, from 15,000 units in FY 2016–17 to 18,900 units in FY 2017–18.[[72]](#endnote-72)

In 2019, Royal Enfield had three wholly owned subsidiaries, one each in Brazil, North America, and Thailand.[[73]](#endnote-73) Royal Enfield North America Limited (RENA) was established in 2015 and sold 1,731 motorcycles, earning revenues or ₹555.6 million in FY 2018–19 through 85 multi-brand outlets.[[74]](#endnote-74) That same year, Royal Enfield Canada Limited (RECA), a subsidiary of RENA that had been incorporated in April 2016, sold 105 motorcycles and earned revenues of ₹32.1 million[[75]](#endnote-75) through 11 multi-brand outlets. The Brazilian subsidiary of Royal Enfield sold 649 motorcycles, earning revenues of ₹117.5 million.[[76]](#endnote-76) Although Royal Enfield (Thailand) Limited did not begin operations until March 31, 2019,[[77]](#endnote-77) the company had been exporting motorcycles to Thailand for three years by that time.[[78]](#endnote-78)

The Interceptor 650 and Continental GT motorcycle models were unveiled in Thailand in December 2018. Royal Enfield considered Thailand a promising market due to the prevalence of a leisure culture, the willingness of customers to upgrade their motorcycles, and a robust road infrastructure in the country. The customer response in Thailand was encouraging. The Interceptor 650 model was crowned Best Modern Classic Middle-Weight motorcycle. Over 700 Interceptor and Continental models were sold within three months of their launch in Thailand.[[79]](#endnote-79)

In addition to Thailand, the Southeast Asian markets of Indonesia and Malaysia were expected to drive growth internationally for Royal Enfield. The company opened nine outlets in that region by March 31, 2019.[[80]](#endnote-80) Royal Enfield also organized the first Tour of Indonesia in 2019 for Southeast Asian motorcycling fans. The five-day ride, held in March 2019, started in Jakarta and ended in Bali, covering a distance of 1,400 kilometres.[[81]](#endnote-81)

royal enfield’s Financial Position

The success of the Royal Enfield brand led the company toward a robust financial position. Sales revenue had more than doubled from ₹3.5 billion in FY 1998–99 to ₹7.7 billion in FY 2007–08 (see Exhibits 6A and 6B). Royal Enfield’s parent company, Eicher, had restructured its businesses over this period, shifting the focus to the motorcycle division. Royal Enfield had also introduced various quality improvement initiatives that had set the tone for rapid growth in the years that followed. Revenue soared a multiple of 26 times from ₹3.75 billion in 2008–09 to ₹97.94 billion in 2018–19. Profit after tax also increased significantly, from ₹.375 billion to ₹20.54 billion, during the same period (see Exhibits 6A and 6B).

The impact of the company’s restructuring effort was evident. After 2009, Royal Enfield experienced a quantum jump in operating margins (calculated as profit before interest, depreciation, and taxes ÷ sales volume). The company’s operating margins in FY 2016–17 (31.34 per cent), FY 2017–18 (31.85 per cent), and FY 2018–19 (30.60 per cent) were higher than operating margins in any other year since FY 1999–2000 (see Exhibits 6A and 6B).

Royal Enfield had even surpassed the country’s mass-market companies in terms of operating margins. For example, Hero had registered operating margins of 18.09 per cent in FY 2016–17, 18.01 per cent in FY 2017–18, and 16.70 per cent in FY 2018–19,[[82]](#endnote-82) whereas Bajaj had reported operating margins of 25.93 per cent, 24.36 per cent, and 21.92 per cent during the three corresponding periods.[[83]](#endnote-83)

The company’s impressive results for return on capital employed (after tax)[[84]](#endnote-84) were 33.79 per cent in FY 2016–17, 32.69 per cent in FY 2017–18, and 25.12 per cent in 2018–19 (see Exhibits 6A and 6B). Shareholders of the company had every reason to be ecstatic as the stock delivered awe-inspiring returns.

India’s COMPETITIVE LANDSCAPE

Royal Enfield’s success had attracted various competitors in the 250–750cc motorcycle market segment. Mass-market companies were trying to develop capabilities and seize a share of the vast market share that Royal Enfield commanded.

Bajaj planned a multi-pronged challenge against Royal Enfield. First, it launched the Dominar 400 model and tried to woo customers in the motorcycle market segment above 350cc.[[85]](#endnote-85) Second, Bajaj formed a partnership with UK-based Triumph Motorcycles Ltd. and planned to produce mid-sized motorcycles under the Triumph brand to compete directly against Royal Enfield.[[86]](#endnote-86) Third, Bajaj promoted its KTM motorcycles brand, from its large repertoire, for additional competitive impact.[[87]](#endnote-87)

Another Royal Enfield competitor was also making plans to earn market share. TVS formed a partnership with BMW Motorrad to manufacture 500cc motorcycles in India for distribution in global markets. In India, the partnership’s racing bikes would be sold under the TVS Apache brand.[[88]](#endnote-88)

Royal Enfield’s vintage motorcycles were highly striking in appearance and design, although they lacked the reliability of mainstream Japanese bikes.[[89]](#endnote-89) However, Japanese motorcycles such as Suzuki V-Strom and Kawasaki Ninja came with a hefty price tag.[[90]](#endnote-90) Therefore, Royal Enfield’s competitors had to overcome two main obstacles—aggressive pricing and a highly appealing design.[[91]](#endnote-91)

Royal Enfield customers who intended to upgrade their motorcycles to higher-power models bought Harley-Davidson motorcycles. However, the latter’s lowest-priced model—the Street 750—came with a price tag of over ₹500,000,[[92]](#endnote-92) which gave Royal Enfield a clear price advantage. Now, Harley-Davidson was planning to challenge Royal Enfield directly in the 250–500cc market segment, and was looking for a partner to form a strategic alliance for the launch.[[93]](#endnote-93)

Royal Enfield had to prepare for the possibility of serious threats from its competitors, including from the US motorcycle giant. The most imminent threat, however, remained the reintroduction of the Jawa motorcycle brand by Mahindra.

ABOUT Mahindra

Mahindra was a conglomerate and had a business presence in more than 100 countries. It had started operations as a steel-trading business and eventually diversified into numerous areas including aerospace, construction equipment, farm equipment, financing, retail, rural housing, and two-wheelers.[[94]](#endnote-94)

Mahindra Two-Wheeler Business: A Tortuous Route

Mahindra forayed into the two-wheeler business in 2008 when it acquired an 80 per cent stake in Kinetic Motor Company Limited (Kinetic).[[95]](#endnote-95) Initially, it marketed rebranded versions of Kinetic two-wheelers before adding new models in its lineup.[[96]](#endnote-96) In 2015, the Mahindra Mojo model, a niche segment touring motorcycle, was launched with great fanfare.[[97]](#endnote-97) Despite rave reviews, Mojo failed to gain traction in the marketplace.[[98]](#endnote-98) Facing fierce competition from rivals such TVS, Hero, Honda, and Bajaj in the entry-level commuter segment, the Mahindra two-wheeler venture remained in the red and never turned profitable.[[99]](#endnote-99) In 2016, Mahindra decided to “de-focus”[[100]](#endnote-100) from the mass motorcycle segment.

When referring to Mahindra’s entry and subsequent withdrawal from the commuter motorcycle segment, the company’s chairman, Anand Mahindra, described it as a “product failure.”[[101]](#endnote-101) But that seemed to be history as Mahindra announced its new strategy.[[102]](#endnote-102) With a focus on the premium two-wheeler segment,[[103]](#endnote-103) Mahindra acquired a 60 per cent stake in CLPL.[[104]](#endnote-104) The latter had a licensing arrangement for India’s popular Jawa motorcycles.[[105]](#endnote-105) Mahindra revived the Jawa brand and planned to leverage its nostalgic appeal.[[106]](#endnote-106) Two models—Jawa and Jawa Forty Two—were unveiled in India in 2018.[[107]](#endnote-107) A third model—Jawa Perak—began accepting orders on January 1, 2020.[[108]](#endnote-108)

Jawa motorcycles were hailed as attractive and tastefully-designed two-wheelers with modern engineering.[[109]](#endnote-109) The Jawa Perak price tag of ₹194,500 was approximately ₹30,000 higher than Royal Enfield’s Classic 350.[[110]](#endnote-110) The price difference between Royal Enfield’s Bullet and the earlier Jawa model was even greater, at a difference of over ₹40,000.[[111]](#endnote-111) Both Bullet 350 and Classic 350 had an engine displacement of 346cc, compared to the Jawa engine size of 293 cc and Jawa Perak at 334cc. Affordability was definitely a key factor in attracting customers to the Royal Enfield brand.[[112]](#endnote-112) The Jawa Forty Two provided the closest challenge, with a price tag of ₹155,000, which fell within Royal Enfield’s pricing range (see Exhibits 7A and 7B).

With the launch of the Jawa brand of motorcycles, Mahindra presented a serious challenge to Royal Enfield in India’s niche 250–750cc motorcycle segment. The US giant Harley-Davidson was also actively seeking a partner to enter the mid-sized motorcycle segment, which Royal Enfield currently dominated. What strategic options did Royal Enfield have to maintain its unmatched growth and market leadership?

**Exhibit 1: Unit Sales of Two-Wheelers and Motorcycles in INdia (2015–19)**

|  | **Domestic Sales Units (in Million)** | | **Exported Units (in Million)** | |
| --- | --- | --- | --- | --- |
| **Fiscal Year** | **Two-Wheelers** | **Motorcycles** | **Two-Wheelers** | **Motorcycles** |
| 2014–15 | 15.98 | 10.74 | 2.46 | 2.25 |
| 2015–16 | 16.64 | 10.70 | 2.48 | 2.21 |
| 2016–17 | 17.59 | 11.09 | 2.34 | 2.03 |
| 2017–18 | 20.20 | 12.61 | 2.82 | 2.48 |
| 2018–19 | 21.18 | 13.59 | 3.28 | 2.87 |

Sources: Society of Indian Automobile Manufacturers (SIAM), *Domestic Sales Trends*, accessed October 22, 2020, www.siam.in/statistics.aspx?mpgid=8&pgidtrail=14; Bajaj Auto Limited, *12th Annual Report 2018-19*, accessed October 22, 2020, www.bajajauto.com/investors/annual-reports, 14.

**Exhibit 2: Royal Enfield Motorcycles Sales Volume 2018 and 2019**

|  | **2019** | | **2018** | | **Total** | |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Month or Quarter** | **Up to 350cc** | **Over 350cc** | **Up to 350cc** | **Over 350cc** | **2019** | **2018** | **Change** |
|  | | | | | | | |
| April | 55,522 | 7,357 | 70,111 | 6,076 | 62,879 | 76,187 | –17.47% |
| May | 55,833 | 6,538 | 68,813 | 5,884 | 62,371 | 74,697 | –16.50% |
| June | 51,678 | 6,661 | 68,769 | 5,708 | 58,339 | 74,477 | –21.67% |
| **Q1** | **163,033** | **20,556** | **207,693** | **17,668** | **183,589** | **225,361** | –**18.54%** |
|  | | | | | | | |
| July | 45,041 | 9,144 | 63713 | 5,350 | 54,185 | 69,063 | –21.54% |
| August | 44,694 | 8,210 | 65,712 | 3,665 | 52,904 | 69,377 | –23.74% |
| September | 52,017 | 7,483 | 67,582 | 4,080 | 59,500 | 71,662 | –16.97% |
| **Q2** | **141,752** | **24,837** | **197,007** | **13,095** | **166,589** | **210,102** | –**20.71%** |
|  | | | | | | | |
| October | 64,257 | 7707 | 67484 | 2,967 | 71,964 | 70,451 | 2.15% |
| November | 56,204 | 4,207 | 61,890 | 3,854 | 60,411 | 65,744 | –8.11% |
| December | 47,788 | 2,628 | 53,790 | 4,488 | 50,416 | 58,278 | –13.49% |
| **Q3** | **168,249** | **14,542** | **183,164** | **11,309** | **182,791** | **194,473** | –**6.01%** |

Note: Q = quarter; cc = cubic centimetres.

Source: Compiled by the author with information from “Monthly Sales Volume,” Eicher Motors Limited, accessed September 24, 2020, www.eicher.in/monthly-sales-number.

**Exhibit 3: Royal Enfield Sales Volume 2002–03 to 2018–19**

| **Financial or Calendar Year** | **Sales (Units)** | **Growth** |
| --- | --- | --- |
| FY 2002–03 | 28,029 |  |
| FY 2003–04 | 28,361 | 1.18% |
| FY 2004–05 | 29,475 | 3.93% |
| FY 2005–06 | 30,777 | 4.42% |
| FY 2006–07 | 32,612 | 5.96% |
| FY 2007–08 | 38,528 | 18.14% |
| CY 2008\* | 43,298 | 12.38% |
| CY 2009 | 51,955 | 19.99% |
| CY 2010 | 52,576 | 1.20% |
| CY 2011 | 74,626 | 41.94% |
| CY 2012 | 113,432 | 52.00% |
| CY 2013 | 178,121 | 57.03% |
| CY 2014 | 302,592 | 69.88% |
| FY 2015–016 \*\* | 508,099 | 67.92% |
| FY 2016–17 | 666,493 | 31.17% |
| FY 2017–18 | 820,492 | 23.11% |
| FY 2018–19 | 823,828 | 0.41% |

Note: FY = financial year; CY = calendar year; \*company switched to calendar year accounting, with 32,566 units sold during the nine-months period April 1, 2008 to December 31, 2008; \*\*company switched to financial year accounting, with 600,944 units sold during 15-month period January 1, 2015 to March 31, 2016.

Source: Compiled by the author with information from “Annual Reports,” Eicher Motors Limited, accessed September 24, 2020, [www.eicher.in/annual-reports](http://www.eicher.in/annual-reports); Eicher Motors Limited, *Annual Report April 01, 2008 – December 31, 2008*, 5 and 8, accessed September 24, 2020, [www.eicher.in/uploads/1532949097\_Eicher\_Motors\_Annual\_Report\_2008.pdf](http://www.eicher.in/uploads/1532949097_Eicher_Motors_Annual_Report_2008.pdf).

**Exhibit 4: Royal Enfield Research and Development Expenses (IN ₹ Million)**

| **Financial or Calendar Year** | **Revenue Expenditure** | **Capital Expenditure** | **Total** | **Research Expense as a Percentage of Revenue** |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| CY 2008 (Nine Months) | 125.0 | 27.6 | 152.6 | 1.98 |
| CY 2009 | 77.7 | 6.4 | 84.1 | 2.06 |
| CY 2010 | 92.4 | 12.9 | 105.3 | 2.17 |
| CY 2011 | 104.5 | 55.5 | 160.0 | 2.17 |
| CY 2012 | 167.5 | 39.5 | 207.0 | 1.76 |
| CY 2013 | 208.8 | 108.9 | 317.7 | 1.66 |
| CY 2014 | 192.6 | 147.5 | 340.1 | 1.02 |
| FY 2015–16 (15 Months) | 322.0 | 593.3 | 915.3 | 1.31 |
| FY 2016–17 | 367.8 | 912.9 | 1,280.7 | 1.61 |
| FY 2017–18 | 313.8 | 2,061.8 | 2,375.6 | 2.59 |
| FY 2018–19 | 446.0 | 3,102.8 | 3,548.8 | 3.65 |

Note: ₹ = INR = Indian rupee; CY = calendar year; FY =financial year.

Source: Compiled by the author with information from “Annual Reports,” Eicher Motors Limited, accessed September 24, 2020, www.eicher.in/annual-reports.

**Exhibit 5: Royal Enfield Advertisement Expenditure (2008 to 2019)**

| **Financial or Calendar**  **Year** | **Amount**  **(in ₹ Million)** | **Advertising Expense as Percentage of Revenue** |
| --- | --- | --- |
| CY 2008 (Nine Months) | 45.7 | 0.59 |
| CY 2009 | 36.3 | 0.89 |
| CY 2010 | 53.0 | 1.09 |
| CY 2011 | 48.8 | 0.66 |
| CY 2012 | 72.3 | 0.61 |
| CY 2013 | 67.1 | 0.35 |
| CY 2014 | 55.3 | 0.17 |
| FY 2015–16 (15 Months) | 340.9 | 0.49 |
| FY 2016–17 | 176.4 | 0.22 |
| FY 2017–18 | 118.4 | 0.13 |
| FY 2018–19 | 261.1 | 0.27 |

Note: ₹ = INR = Indian rupee; CY = calendar year; FY =financial year.

Source: Compiled by the author with information from “Annual Reports,” Eicher Motors Limited, accessed September 24, 2020, www.eicher.in/annual-reports.

**Exhibit 6A: Select Financial Parameters of Royal Enfield from 1999–2000 to 2008–09 (IN ₹ Million)**

|  | **1999–2000** | **2000–01** | **2001–02** | **2002–03** | **2003–04** | **2004–05** | **2005–06** | **2006–07** | **2007–08** | **2008–09 (First Nine Months)** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Sales revenue** | 3,519 | 4,451 | 5,309 | 6,984 | 15,648 | 22,116 | 18,808 | 22,528 | 25,726 | 7,717.8 |
| **Less excise duty** | 410 | 530 | 515 | 718 | 2,001 | 2,290 | 2,136 | 2,708 | 3,100 | 843.2 |
| **Sales revenue  (net of excise duty)** | 3,109 | 3,921 | 4,794 | 6,266 | 13,647 | 19,826 | 16,672 | 19,820 | 22,626 | 6,874.6 |
| **Profit before interest, depreciation, and taxes** | 267 | 353 | 429 | 790 | 1,238 | 1,442 | 940 | 1,368 | 1,456 | 333.3 |
| **Interest** | 41 | 34 | 35 | 43 | 24 | 223 | 169 | 148 | 190 | 35.9 |
| **Depreciation** | 48 | 62 | 94 | 161 | 423 | 484 | 502 | 451 | 508 | 152 |
| **Profit before taxes** | 178 | 257 | 300 | 586 | 791 | 735 | 269 | 769 | 758 | 349.6 |
| **Exceptional Item** |  |  |  |  |  |  | 1,667 |  |  | 204.2 |
| **Profit after taxes** | 159 | 235 | 185 | 375 | 336 | 588 | 2,119 | 527 | 548 | 390 |
| **Earnings per share** | 7.93 | 11.77 | 9.24 | 18.73 | 11.97 | 20.95 | 12.11 | 18.77 | 19.59 | 13.88 |
| **Dividend per share** | 2.00 | 2.00 | 2.50 | 3.50 | 3.50 | 4.00 | 4.00 | 29.00 | 5.00 | 5.00 |
| **Book value per share** | 27.80 | 37.60 | 22.50 | 38.30 | 46.80 | 62.30 | 142.90 | 132.70 | 145.70 | 171.17 |
| **Market price per share** | 42.60 | 23.30 | 42.30 | 67.10 | 224.40 | 310.20 | 302.40 | 247.70 | 250.50 | 235.00 |
| **Number of equity shares outstanding** | 19,999,200 | 19,999,200 | 19,999,200 | 19,999,200 | 28,093,950 | 28,093,950 | 28,093,950 | 28,093,950 | 28,093,950 | 28,093,950 |
| **Market capitalization** | 852 | 466 | 846 | 1,342 | 6,304 | 8,715 | 8,496 | 6,959 | 7,038 | 6,602 |
| **Debt-to-equity ratio** | 0.6:1 | 0.4:1 | 0.6:1 | 0.3:1 | 1:1 | 0.6:1 | 0.4:1 | 0.4:1 | 0.4:1 | 0.1:1 |

**Exhibit 6b: Select Financial Parameters of Royal Enfield from 2009 to 2018–19 (IN ₹ Million)**

|  | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015–16  (15 Months)** | **2016–17** | **2017–18** | **2018–19** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Sales revenue (net of excise duty)** | 3,750.9 | 4,384.7 | 6,714.5 | 10,492.6 | 17,024.7 | 30,312.2 | 61,880.3 | 70,379.7 | 89,575.1 | 97,944.8 |
| **Earnings before interest, depreciation, and taxes** | 571.5 | 999.7 | 800.9 | 1,454.3 | 3,137.3 | 7,335.6 | 17,304.8 | 22,058.1 | 28,532 | 29,443.8 |
| **Interest** | 4.2 | 25.7 | 20.2 | 2.6 | 2.7 | 16.7 | 14.1 | 27.9 | 30.4 | 29.9 |
| **Depreciation** | 101 | 107.9 | 130.2 | 171.5 | 304.1 | 501.6 | 1,377.3 | 1,533.4 | 2,223.4 | 2,989.3 |
| **Profit before taxes** | 466.3 | 866.1 | 1,418.3 | 1,738 | 3,631.5 | 7,980.3 | 17,695.8 | 22,769.9 | 29,602.7 | 31,329.8 |
| **Exceptional Item** |  |  |  |  |  |  |  |  | –3,119.8 | –175.2 |
| **Profit after taxes** | 375.3 | 754.4 | 1,245.5 | 1,447.6 | 2,786.2 | 5,589.2 | 12,298.5 | 15,600.2 | 17,129.1 | 20,544.4 |
| **Earnings per share** | 13.85 | 28.17 | 46.18 | 53.62 | 103.15 | 206.38 | 453.3 | 573.75 | 629.07 | 753.37 |
| **Dividend per share** | 7 | 11 | 16 | 20 | 30 | 50 | 100 | 100 | 110 | 125 |
| **Net worth** | 4,025 | 4,566.7 | 5,400.4 | 6,290.5 | 8,213.4 | 12,336.6 | 21,507.8 | 39,225.9 | 53,722.3 | 71,264.5 |
| **Book value per share** | 150.79 | 169.53 | 200.02 | 232.97 | 303.76 | 455.14 | 791.86 | 1,439.19 | 1,971.06 | 2,612.09 |
| **Market price per share** | 655 | 1,235.3 | 1,488 | 2,906.6 | 4,975.85 | 15,075 | 19,180.6 | 25,587.5 | 28,372.05 | 20,547.7 |
| **Number of equity shares outstanding** | 26,692,881 | 26,937,783 | 26,999,583 | 27,000,983 | 27,038,883 | 27,104,783 | 27,161,183 | 27,255,549 | 27,255,549 | 27,282,570 |
| **Market capitalization** | 17,484 | 33,276 | 40,175 | 78,481 | 134,541 | 408,605 | 520,968 | 697,401 | 773,296 | 560,594 |
| **Debt** | 124 | 174.7 | 1,706 | 205.9 | 302.8 | 0 | 2,257 | 3,297.3 | 2,615.6 | 2,443.4 |

Source: Compiled by the author with information from “Annual Reports,” Eicher Motors Limited, accessed September 24, 2020, www.eicher.in/annual-reports.

**Exhibit 7a: Product Specifications of Select Royal Enfield Models**

|  | **Bullet 350** | **Classic 350** | **Thunderbird 350** | **Himalayan** |
| --- | --- | --- | --- | --- |
| **Price** | ₹121,000 | ₹146,000 | ₹157,000 | ₹181,000 |
| **Engine** | Single-Cylinder, Four-Stroke, Twin Spark,  Air Cooled | Single-Cylinder, Four-Stroke, Twin Spark,  Air Cooled | Single-Cylinder, Four-Stroke, Twin Spark,  Air Cooled | Single-Cylinder,  Four-Stroke, Air Cooled, Single Overhead Camshaft, Fuel Injection |
| **Displacement** | 346cc | 346cc | 346cc | 411cc |
| **Bore X Stroke** | 70 mm x 90 mm | 70 mm x 90 mm | 70 mm x 90 mm | 78 mm x 86 mm |
| **Compression Ratio** | 8.5:1 | 8.5:1 | 8.5:1 | 9.5:1 |
| **Maximum Power** | 19.8 bhp at 5,250 rpm | 19.8 bhp at 5,250 rpm | 19.8 bhp at 5,250 rpm | 24.5 bhp at  6,500 rpm |
| **Maximum Torque** | 28 Nm at  4,000 rpm | 28 Nm at 4,000 rpm | 28 Nm at 4,000 rpm | 32 Nm at  4,250–4,500 rpm |
| **Gearbox** | Five-Speed  Constant Mesh | Five-Speed  Constant Mesh | Five-Speed  Constant Mesh | Five-Speed  Constant Mesh |
| **Front Tires** | 3.25 x 19 4Ply Rating | 90/90-19 | 90/90-19 | 90/90-21 |
| **Rear Tires** | 3.25 x 19 4/6Ply Rating | 110/90-18 | 120/80-18 | 120/90-17 |
| **Front Suspension** | Telescopic, 35 mm Forks, 130 mm Travel | Telescopic, 35 mm Forks, 130 mm Travel | Telescopic, 41 mm Forks, 130 mm Travel | Telescopic, 41 mm Forks, 200 mm Travel |
| **Rear Suspension** | Twin Shock Absorbers with  5-Step Adjustable Preload, 80 mm Travel | Twin Gas Charged Shock Absorbers with 5-Step Adjustable Preload, 80 mm Travel | Twin Gas Charged Shock Absorbers with 5-Step Adjustable Preload, 80 mm Travel | Monoshock with Linkage, 180 mm Wheel Travel |
| **Front Brakes** | 280 mm Disc, Twin Piston Caliper with ABS | 280 mm Disc with Twin Piston Caliper | 280 mm Disc, Twin Piston Caliper | 300 mm Disc, Twin Piston Floating Caliper |
| **Rear Brakes** | 153 mm Drum,  Single Lead Internal Expanding | 240 mm Disc,  Single Piston Caliper/153 mm Drum Single Lead External Expanding | 240 mm Disc,  Single Piston Caliper | 240 mm Disc,  Single Piston Floating Caliper |
| **Ignition System** | Digital Dual Spark, Transistorized Coil Ignition | Transistorized Coil Ignition | Transistorized Coil Ignition | Digital Electronic Ignition |
| **Chassis Type** | Single Downtube, Using Engine as Stressed Member | Single Downtube, Using Engine as Stressed Member | Single Downtube, Using Engine as Stressed Member | Half-Duplex Split Cradle Frame |
| **Wheelbase** | 1,395 mm | 1,390 mm | 1,350 mm | 1,465 mm |
| **Kerb Weight** | 185 kg (with 90% Fuel and Oil) | 194 kg (with 90% Fuel and Oil) | 197 kg (with 90% Fuel and Oil) | 194 kg (with 90% Fuel and Oil) |
| **Tank Capacity** | 13.5 Litres | 13.5 Litres | 20 Litres | 15 Litres |
| **Colours (Number)** | 4 | 6 | 3 | 3 |
| **Colours (Type)** | Black, Bullet, Silver, Sapphire Blue, and Onyx Black | Chestnut, Silver, Black, Ash, Pure Black, and Mercury Silver | Flicker, Marine, and Stone | Granite, Sleet, and Snow |

Note: ₹ = INR = Indian rupee; cc = cubic centimetres; mm = millimetres; bhp = brake horsepower; rpm = revolutions per minute; kg = kilograms.

Exhibit 7 A (Continued)

Source: Compiled by the author with information from “Compare Bikes,” ZigWheels, accessed September 24, 2020, [www.zigwheels.com/bikes/comparison](http://www.zigwheels.com/bikes/comparison); “Motorcycles,” Royal Enfield, accessed September 24, 2020, <https://www.royalenfield.com/in/en/motorcycles/>; “Royal Enfield Bullet 350 On Road Price in Delhi,” ZigWheels, accessed December 28, 2019, <https://www.zigwheels.com/newbikes/Royal-Enfield/Bullet-350-Twinspark/on-road-price-delhi>; “Royal Enfield Classic 350 On Road Price in Delhi,” ZigWheels, accessed December 28, 2019, <https://www.zigwheels.com/newbikes/Royal-Enfield/Classic-350/on-road-price-delhi>; “Royal Enfield Thunderbird 500 On Road Price in Delhi,” ZigWheels, accessed December 28, 2019, <https://www.zigwheels.com/newbikes/Royal-Enfield/Thunderbird-500/on-road-price-delhi>; “Royal Enfield Himalayan,” ZigWheels, December 28, 2019, <https://www.zigwheels.com/newbikes/Royal-Enfield/Himalayan>.

**Exhibit 7b: Product Specifications of Select Jawa Models**

|  | **Perak** | **Jawa** | **Jawa 42** |
| --- | --- | --- | --- |
| **Price\*** | ₹194,500 | ₹164,300 (Single Channel ABS) or ₹173,242  (Dual Channel ABS) | ₹155,300 (Single Channel ABS) or ₹164,242  (Dual Channel ABS) |
| **Engine** | Single Cylinder,4-Stroke, Liquid Cooled, SI Engine | Single Cylinder, 4-Stroke, Liquid Cooled | Single Cylinder, 4-Stroke, Liquid Cooled |
| **Capacity** | 334cc | 293cc | 293cc |
| **Bore Stroke** | 81 x 65mm | 76 x 65mm | 76 x 65mm |
| **Compression** | 11:01 | 11:1 | 11:1 |
| **Maximum Power** | 30 bhp | 27 bhp | 27bhp |
| **Maximum Torque** | 31Nm | 28Nm | 28Nm |
| **Exhaust** | Twin Exhaust | Twin Exhaust | Twin Exhaust |
| **Gearbox** | Constant Mesh Six Speeds | Constant Mesh Six Speeds | Constant Mesh Six Speeds |
| **Frame** | Double Cradle Tubular Frame | Double Cradle | Double Cradle |
| **Front Tires** | 100/90-18 | 90/90-18 | 90/90-19 |
| **Rear Tires** | 140/70-17 | 120/80-17 | 120/80-18 |
| **Front Suspension** | Telescopic Hydraulic Fork | Telescopic Hydraulic Fork | Telescopic Hydraulic Fork |
| **Rear Suspension** | Mono Shock Absorber,  Seven-Step Adjustable | Gas Canister-Twin Shock Hydraulic | Gas Canister-Twin Shock Hydraulic |
| **Front Brakes** | Diameter 280mm Disc with Floating Caliper and ABS | Diameter 280mm Disc with Floating Caliper and ABS | Diameter 280mm Disc with Floating Caliper and ABS |
| **Rear Brakes** | Diameter 240mm Disc with Floating Caliper and ABS | Drum Brake  153 mm | Drum Brake  153 mm |
| **Seat Height** | 750 mm | 765 mm | 765 mm |
| **Wheelbase** | 1,485 mm | 1,369 mm | 1,369 mm |
| **Kerb Weight** | 179 kg | 170 kg | 170 kg |
| **Tank Capacity** | 14 Litres | 14 Litres | 14 Litres |
| **Colours (Number)** | 1 | 3 | 6 |
| **Colours (Type)** | Black | Marron, Grey, Black | Galactic Green, Halley's Teal, Lumos Lime, Starlight Blue, Comet Red, Nebula Blue |

Note: \*prices can vary with time and with model variants; ₹ = INR = Indian rupee; ABS = anti-lock braking system; cc = cubic centimetres; mm = millimetres; kg = kilograms; bhp = brake horsepower; Nm = Newton metres; rpm = revolutions per minute.

Source: Compiled by the author with information from “The Legend Continues,” Jawa Motorcycles, accessed December 28, 2019, www.jawamotorcycles.com/motorcycles.

Endnotes

1. This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Eicher Motors Limited or any of its employees. [↑](#endnote-ref-1)
2. “Monthly Sales Volume,” Eicher Motors Limited, accessed September 24, 2020, www.eicher.in/monthly-sales-number. [↑](#endnote-ref-2)
3. Eicher Motors Limited, *Annual Report 2018–19*, accessed September 24, 2020, www.eicher.in/uploads/1563260440\_eicher-motors-annual-report-2018-19.pdf. [↑](#endnote-ref-3)
4. “Annual Reports,” Eicher Motors Limited, accessed September 24, 2020, www.eicher.in/annual-reports. [↑](#endnote-ref-4)
5. Also referred to as cylinder capacity, cubic centimetres. [↑](#endnote-ref-5)
6. Eicher Motors Limited, *Annual Report 2018–19*, op. cit., 4. [↑](#endnote-ref-6)
7. Avishek Banerjee, “Jawa Brand Resurrected n India by Mahindra’s Classic Legends,” *Business World*, November 16, 2018, accessed September 24, 2020, www.businessworld.in/article/Jawa-Brand-Resurrected-In-India-By-Mahindra-s-Classic-Legends/16-11-2018-164265. [↑](#endnote-ref-7)
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11. Hero MotoCorp Limited, *Annual Report 2018-19*, accessed July 13, 2020, www.heromotocorp.com/en-in/uploads/Annual\_Reports/pdf/20190715054601pdf266.pdf, 39. [↑](#endnote-ref-11)
12. Ibid., 40. [↑](#endnote-ref-12)
13. Rajesh Padmashali, “Cruising on Nostalgia,” *Outlook Business*, October 27, 2017, accessed January 25, 2021, www.outlookbusiness.com/the-big-story/lead-story-8/cruising-on-nostalgia-3910. [↑](#endnote-ref-13)
14. Nabeel A Khan, “India Holds More Potential than US for Harley Davidson: Peter MacKenzie, MD,” ET Auto, March 7, 2018, accessed October 22, 2020, https://auto.economictimes.indiatimes.com/news/two-wheelers/motorcycles/india-holds-more-potential-than-us-for-harley-davidson-peter-mackenzie-md/63115024. [↑](#endnote-ref-14)
15. Ibid. [↑](#endnote-ref-15)
16. “Imported Bikes to Get Cheaper as Govt Slashes Customs Duty to 50%,” LiveMint, February 13, 2018, accessed October 23, 2020, www.livemint.com/Industry/gJM132idC3xpw7Dnrc7e1L/Imported-bikes-to-get-cheaper-as-govt-slashes-customs-duty-t.html. [↑](#endnote-ref-16)
17. “Auto Industry Welcomes Govt’s Move to Cut Import Duty on Luxury Bikes,” ET Auto, February 15, 2018, accessed October 23, 2020, https://auto.economictimes.indiatimes.com/news/two-wheelers/motorcycles/auto-industry-welcomes-govts-move-to-cut-import-duty-on-luxury-bikes/62924765. [↑](#endnote-ref-17)
18. “Imported Bikes to Get Cheaper as Govt Slashes Customs Duty to 50%,” op. cit. [↑](#endnote-ref-18)
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21. Ibid. [↑](#endnote-ref-21)
22. Hero MotoCorp Limited, op. cit. [↑](#endnote-ref-22)
23. “GDP Growth (Annual %)—India,” The World Bank, accessed January 28, 2020, https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=IN. [↑](#endnote-ref-23)
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25. Eicher Motors Limited, *Annual Report 2018–19*, op. cit., 5. [↑](#endnote-ref-25)
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27. VE Commercial Vehicles (VECV) was a joint venture between Eicher Motors Limited (54.4 per cent) and Sweden-based Volvo AB (45.6 per cent). VECV was engaged in the business of manufacturing commercial vehicles. Its portfolio included buses and light, medium, and heavy duty trucks branded under both company names. In FY 2018–19, VECV sold 72,969, units of commercial vehicles, up from 65,932 units in FY 2017–18. Eicher Polaris Private Limited was another joint venture between Eicher Motors Limited and Polaris Industries Inc. formed in 2012 and discontinued in 2018. Eicher Motors Limited, *Annual Report 2018–19*, op. cit., 4–10. [↑](#endnote-ref-27)
28. In FY 2018–19, Eicher Motors Limited’s share of profits from VE Commercial Vehicles was ₹2.584 billion. Eicher Motors Limited, *Annual Report 2018–19*, op. cit., 183. [↑](#endnote-ref-28)
29. ₹ = INR = Indian rupee; US$1 = ₹71.37 on January 1, 2020; all currency amounts are in ₹ unless otherwise specified. [↑](#endnote-ref-29)
30. Eicher Motors Limited, *Annual Report 2018–19*, op. cit., 7. [↑](#endnote-ref-30)
31. Ibid., 4. [↑](#endnote-ref-31)
32. Swati Ramanathan and Ramesh Ramanathan, “Many Layers within India’s MiddleClass,” *Hindustan Times*, April 16, 2019, accessed December 19, 2020, www.hindustantimes.com/india-news/many-layers-within-india-s-middle-class/story-18h8YO4jgMpeivUgdKyAkO.html. [↑](#endnote-ref-32)
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35. The genesis of the brand could be traced back to 1891. Eicher Motors Limited, op. cit., 14. [↑](#endnote-ref-35)
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