



Hero Motocorp's Debut: HD X440

Launch of X440 in India within just 3 years of collaboration with Harley Davidson is a significant milestone for the company.



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About Hero Motocorp



Bike Manufacturer

Hero Motocorp Limited is one of the India's first motorcycle manufacturer. They, in collaboration with Honda, started operations back in 1984.



Domination

They are the world's largest manufacturer of 2 Wheelers, for more than 2 decades. Their market share in the Indian Motorcycle market is 48%.



Strong Distribution

Hero Motocorp is expanding their retailer base constantly, which currently stands close to 39,000. They have 311 suppliers & company spent a massive 720 crore on advertising.



Global Presence

The company exports its products to 43 countries & currently derives approximately 7% of its total revenue through sales outside India.



Key Features of the New Bike

1 Urban Styling

The bike's styling is well done giving it the retro look of Harley Davidson & a lot of key signature elements.

2 Best performance

The bike has best-in-class performance when compared to bikes of the same price range & category.

3 Strong brand image

Backed by Harley Davidson & Hero Motorcorp both, it is one of the strongest backing of any motorcycle.

4 Competitive pricing

The bike is priced very aggressively with it competing directly with the segment leaders like Royal Enfield Classic 350 & Himalayan.

Comparison with Other Models

Specifications	Hero HD X440	Royal Enfield Classic 350	Royal Enfield Himalayan
• Engine	• 440 cc	• 349 cc	• 411 cc
• Maximum torque	• 38 Nm @ 4000 rpm	• 27 Nm @ 4000 rpm	• 32 Nm @ 4500 rpm
• Transmission type	• 6 speed	• 5 speed	• 5 speed
• Clutch type	• Slip & Assist	• Wet Multiplate	• Wet Multiplate
• ABS	• Dual channel	• Single & Dual	• Dual channel
• Front suspension	• USD forks	• Telescopic forks	• Telescopic forks
• Rear suspension	• 2x shock absorber	• 2x shock absorber	• 1x shock absorber
• Weight	• 190.5 kg	• 195 kg	• 199 kg
• Price	• INR 229-269k	• INR 193-224k	• INR 216-228K

About the Premium Bikes Segment

Market Overview

The premium bike segment (250+ cc) although only makes up to 5% of the total 2 Wheeler market in India, its still huge with 16,000 crores worth of bikes selling every year.

Margins

This is the main reason why companies want to grab a piece of this market. The margins here are abnormally high. The market leader Royal Enfield, has a gross margin of 40%.

Growth

While the motorcycle sector as a whole is expected to grow at a CAGR of 7%, the premium bikes segment is expected to outperform growing at a CAGR of more-than-double 15%.

Evergreen

While the other segments of the motorcycle industry are prone to economic downturns, the premium bikes category has proven itself multiple times by growing consistently.

How HeroWill Affect Other Players

Short-Term Effects

The new bike could lead to a dip in sales of other players in the segment as consumers flock to the new entrant. HD X440 might dip the sales of Royal Enfield Class 350.



Immediate Impact

The launch of the new bike is likely to cause a stir in the premium bike segment, with several players likely to take note of the new entrant. These shockwaves will be felt by everyone.

Long-Term Implications

The new bike is likely to force other players to innovate and come up with better products to maintain their market share. Hero winning market share will depend on their execution of plans.

About Royal Enfield



Royal Enfield

Royal Enfield is a British brand which was eventually acquired by Eicher Motors back in 1995.



Market Leader

Royal Enfield is the market leader in premium bikes segment with a market share of 83%.



Key Concerns

The reason why the launch of this new bike by Hero is a threat of Royal Enfield, is that HD X440 is a direct competitor to the Royal Enfield Classic 350 which was a huge stepping stone for making Royal Enfield a market leader in India.

Anti Thesis

1. No clarity has been given by the management about the royalty payment to Harley Davidson. If that is too big, the margins might reduce.
2. There are currently No plans to export the big which might deprive it of some potential volumes.
3. At the current pricing, margins will be way below peers. Hence, hikes are necessary. But if they are too much, it might kill the hype.
4. It's not easy to break through Royal Enfield's fanbase. They only spent INR 20 crore on advertising but still managed to command such a huge market share.

Conclusion



The Future

Hero Motocorp has taken a step in the right direction.

They have entered an amazing industry which is growing at a fast pace, with high margins & the best of all, low competition.



Time will tell

Now, it would all depend on the successful execution of plans & strategies by the management whether Hero Motocorp will survive or not. The pivots made by competitors would play a huge role too.

THANKS FOR READING!

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