



**FCB**★**ULKA**

COMSTRAT 2007

# **HERO HONDA PLEASURE**

***WATCH OUT GUYS, THE GIRLS ARE HERE!!!!***

## **CONSTRAT 2007**

*Note: All information in the case has been garnered from sources in the public domain. This case has been developed for purely academic purposes, and is not in any way the intended or actual plan of Tata Sky Ltd.*

## **The Indian two wheeler market:**

### **The macro view:**

The two wheeler market in India essentially comprises of motorcycles, scooters and mopeds. With a volume size of 84.6 lakh units in '06-'07 the industry has registered a growth of 12% over '05-'06. The industry is dominated by motorcycles which constitute 84% of the category followed by scooters consisting of 11% and mopeds accounting for the remaining 5%.

### **Key players in the industry:**

The largest player in the two wheeler industry is **Hero Honda** which commands a lion's share in the category. With a market share of 39.4% and volume size of 33.4 lakh units in '06-'07, the company has registered a robust growth of 11% in volumes over '05-'06 when it had sold 30 lakh units.

The second largest player in the industry is **Bajaj Auto** which registered a growth of 18% in volumes by selling 24 lakh units in '06-'07 compared to 20.3 lakh units in '05-'06. The company saw its two wheeler market share increase marginally by 1.5% to 28.3% in the same period.

**TVS Motors** - the third largest player in the category registered a 14% growth in volumes by selling 15.3 lakh units in '06-'07 over 13.4 lakh units ('05-'06). The company has marginally increased its market share by 0.4% to 18.1% in '06-'07

In addition to the 'big three' there are a number of small players fighting for salience viz. **HMSI, Yamaha, Suzuki, Enfield, Majestic** etc

### **The Scooter category: The historical perspective**

The scooter category witnessed a see-saw in its fortunes over the last decade. Till mid 80's scooters were dominant amongst the masses. At that time demand far exceeded supply and there were waiting periods of 2-3 years for delivery of scooters. While there

were motorcycle brands like Rajdoot and Yezdi they were expensive to buy and maintain. They remained an expensive style statement for the youth and meant for the police and army. Scooters were the only choice for the average middle class adult male looking to transport his family and to commute.

However since the early 90's the environment began to change. Hero entered into a joint venture with Honda of Japan and hero Honda was born. The company launched a slew of fuel efficient bikes in the country at affordable prices. With the diminishing price difference - motorcycles became the practical, contemporary and stylish two wheeler for the masses. The aggression of motorcycles repositioned scooters as old fashioned, not practical (not as fuel efficient as motorcycles) and obsolete (no new technology). As a result, the scooter category began declining and was overtaken in 1998 by motorcycles in terms of market size.

### **2001 onwards - a fresh new lease of life for the category**

From the year 2001 onwards the scooter category witnessed a revival in its fortunes. A number of players launched stylish scooters with new age technology which brought back consumer attention to the category. Also the introduction of gearless scooters made them relevant and easy to ride amongst women and a larger set of audience. As more and more women started going out to study and work the acceptance of scooters amongst this set of target audience grew. Infact the gearless scooters became so popular that today they constitute 80% of the total scooter market. With growing acceptance of scooters Indian households have now started having multiple two wheelers for different members of the house.

All the above factors resulted in scooters registering a significant growth in the period 2001 - 2007. It is expected to grow over 20% YOY over the next few years.

**Key competition:**

- HMSI - HMSI launched Activa in 2001 and it was a huge success from start. The brand enjoyed superior product and image perceptions given Honda's equity and global lineage. Activa was a 4 stroke, variomatic (gearless), metal bodied offering which offered superior mileage and performance. The brand ruled the market with a 44% market share in the gearless scooter segment. The brand is targeted at men and family
- TVS Scooty: The TVS heritage gives the brand perceptions of reliability, easy availability of spares etc. Moreover the brand had signed up with Preity Zinta as its endorser which further added to its popularity. The brand had entered the market with ABS (plastic) bodied Scooty Pep (75cc) and later introduced a more powerful Scooty Pep + (90cc). However the brand has discontinued Scooty Pep and now focuses only on Scooty Pep +. The brand has recently created new news by launching 99 colours for its brand and has backed it up with a heavy media push. The brand is a clear No.2 in the market. It had a market share of 29% before the entry of hero Honda Pleasure which has now declined to 26.1%. While the brand is targeted at females it has tried to maintain a unisex appeal in its advertising.
- Other players: There are a number of small players in the category viz. Eterno, Dio, Nova etc fighting for salience

**It was in this scenario that Hero Honda decided to enter the scooter market with its brand Pleasure in 2006**

**The Hero Honda Pleasure product truth:**

- ABS body
- 100cc
- Gearless

**The communication approach for Hero Honda Pleasure: 'Why should boys have all the fun?'**

**Consumer behavior in the category:**

Analysis of market data and research threw up some interesting findings. Men and women have different transportation need states and thus their needs from a scooter differed too:

**Men** -> to carry load i.e. for carrying family, delivering goods etc -> preferred a scooter that was strong, sturdy and powerful -> Honda Activa with its metal body and > 100cc power is the obvious choice.

**Women** -> to move around with ease and comfort -> preferred a scooter with great mileage, easy to maneuver and safe to ride -> Scooty Pep / Pep + with ABS (plastic) body and <100cc power was perceived as the best fit. This was reinforced by the fact that the dominant age band in the <100 cc segment was 18-24 year old young women.

**Hero Honda with its established equity in fuel efficiency, ABS body and styling was seen more to be relevant for the young women rather than men.**

**Thus the target audience was decided as:**

**Demographics:**

**Communication audience:**

Young women

Age: 18-24 yrs

SEC: A/B

**Marketing audience:**

Women

Age: 18-34 years

SEC A/B

**Psychographics:** She is independent and free spirited in nature and hates to trouble her father or brother to take her wherever she has to go. A scooter that understands her mindset and resonates with her personality would be the perfect solution.

**Sharpening the creative nuance:**

At a macro level the advertising had to reflect and vibe with the changing young women in India, who are more liberal, free spirited and experimentative. They are actually going ahead and living the life of their dreams

At a deeper level, understanding of our target audience's mindset showed that acquiring a pair of wheels is an act of liberation. A liberation from dependence on family for commuting

And the ultimate high of the liberation is to be able to do all the things that 'boys' do i.e. catch up friends, hang out, go where you want to, etc

Thus for the first time in the history of two wheeler advertising a product was targeted exclusively at women -- almost to the point of being 'exclusionary' to the predominant and traditional users of two wheeler i.e. men.

This attitude was encapsulated in the baseline 'Why should boys have all the fun'.

**Hero Honda Pleasure today:**

Hero Honda Pleasure is the third largest player in the scooter category today. The brand has grown to a 9% market share and continues to be the only brand which is exclusively positioned for women to the point of being exclusionary to men. Post the launch communication the brand has signed up with popular Bollywood actor Priyanka Chopra as its brand ambassador and the first communication featuring her is on air.

**'Hero Honda Just 4 her' showrooms:**

The launch of Hero Honda Pleasure was coupled with the simultaneous launch of 'Hero Honda Just 4 her' showrooms. The launch of these showrooms brought alive the 'females only' positioning platform for the brand at an on ground level. These showrooms exclusively sold Hero Honda Pleasure scooters and were run and managed

by women. The showrooms even had women technicians responsible for servicing and repairing the scooters.

There are 21 Just4her outlets operating across 20 cities across the country today and constitute almost 40% of total Hero Honda Pleasure sales

### **Pricing:**

The prices of the key brands in the category are as follows:

<b>Company</b>	<b>Brand</b>	<b>Price (Rs.)</b>
Hero Honda	Pleasure	36,740
HMSI	Activa	38,273
	Dio	36,993
	Eterno	37,155
	Eterno (Dlx)	37,598
TVS	Scooty Pep +	31,419
Bajaj	Kristal	35,532

Ex-Showroom, Delhi

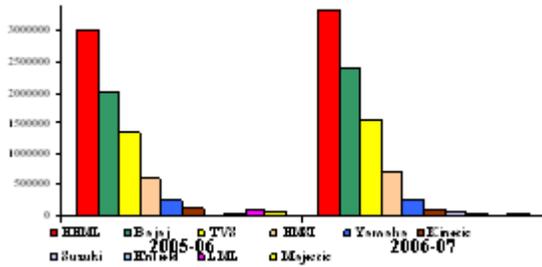
### **Key deliverables:**

The task is to provide a comprehensive strategy that details the brand and communication way forward for Hero Honda Pleasure. The strategy document must provide solutions to the following key areas:

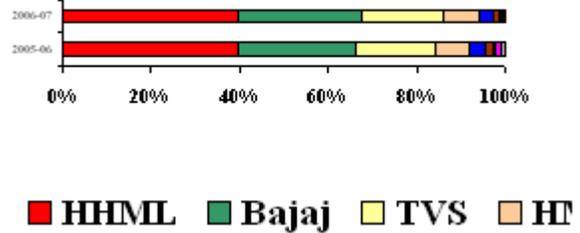
- Should Hero Honda Pleasure continue with its positioning of being 'exclusionary to men' or move to a broader positioning that has more unisex appeal? What should the positioning evolve to?
- Is there scope and opportunity for a 2nd scooter from Hero Honda? If so, what would be the role and detailed architecture for the 2nd brand?

**ANNEXURES**

**1. TWO WHEELER MANUFACTURER VOLUMES**

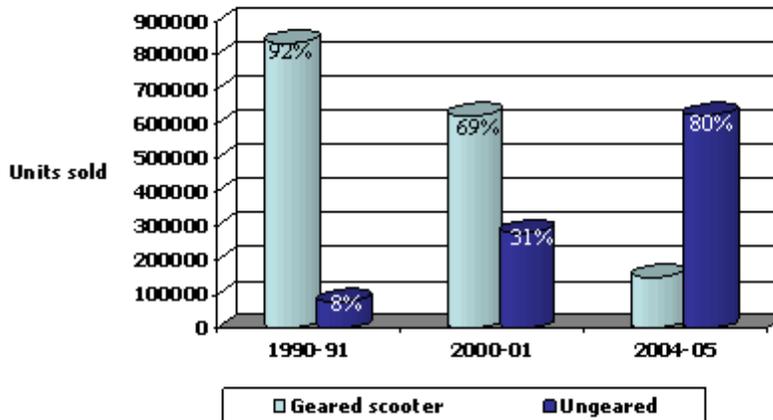


**TWO WHEELER MANUFACTURER M / SHARES**



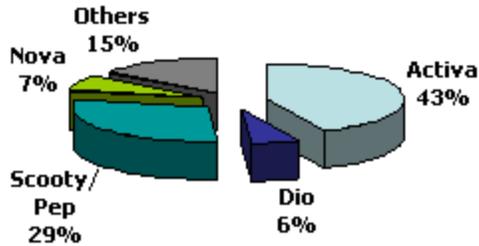
**2. GEAR VS. GEARLESS RATIO IN THE SCOOTER CATEGORY**

Geared vs gearless scooter sales



\* SIAM

**3. MARKET SHARE OF KEY PLAYERS IN THE SCOOTER CATEGORY (PRE HERO HONDA PLEASURE LAUNCH)**



**4. MARKET SHARE OF KEY PLAYERS IN THE SCOOTER CATEGORY (POST HERO HONDA PLEASURE LAUNCH)**

