

Speed will be the name of the game: Hero MotoCorp CEO

Country's largest two-wheeler manufacturer Hero MotoCorp has recently appointed Niranjan Gupta as the new Chief Executive Officer (CEO). Effective May 1, he takes the baton from Pawan Munjal. Gupta has big plans and says it is time for Hero to 'change gears'. He also says as part of Hero 2.0, the company will focus on premium products, with 2023 seeing the maximum number of launches in the premium category. In one of his first interviews, Gupta shares his plans with *businessline*. Excerpts:

What will be your priority as the new CEO of the company in terms of expansion or changing business model?

The mandate from the Board and myself is to change gears because the brand is very strong. We have got 110 million customers, 6,500 touchpoints, we have a scale which we are proud of and therefore, what is required is changing the gears. We have been leaders in commuter segment/ unparalleled leader from bottom to 125CC motorcycles, we have 65-70 per cent market share there. Our role is to grow the category.

The second is the premium products — this year is going to see the maximum number of premium products as compared with any year in Hero's history and that's a big change that is going to happen. And, these are not variants, but new models and you will see new launches every quarter. Therefore, you require a different degree of retail experience and we are seeing that.

Our team is working in terms of different digital journey for our customers and therefore, our marketing is aligned to that. On physical spaces, we are going to upgrade some of our stores, which we call Hero 2.0, which will be the facelift of the current stores — we are also going to open some exclusive stores which will house only premium models. A combination of these two will provide a different level of retail experience to the premium customers. Speed will be the

name of the game, which is what I meant by changing the gear. I believe that it's better to make wrong decisions than not to make decisions, and that's how the entire organisation will move forward. The other thing that is doubling down is customer centricity because if you address people, profit and margins follow.

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Would the premium category be with Harley Davidson partnership?

Winning in premium segment is going to be about the brand with which we collaborate — Harley Davidson. That addresses the brand part of it in terms of carrying the premium image. We have around 6,500 touchpoints with 1,000 primary dealers. We will be converting around 40 per cent of the primary dealers into premium ones. It will happen in phases in the top 30-40 cities first. We will play in the entire spectrum – right from 160CC to 450CC. We already have 160CC and 200CC motorcycles and it will be expanded.

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The commuter segment is not back on track, especially from rural markets. Would you continue to focus on that segment?

When you are in an industry because you have 65 per cent market share, the industry's growth is your growth. In India, you still have a large part of buyers for two-wheelers. Do they have money to buy? Once the economy grows, income curve will grow, and make financing easier so that purchase can be brought forward. Those are the key things that will work to grow the category.

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You have plans to expand the Vida electric portfolio and also increase the reach to 100 cities by March 2024. How do you see the competition, especially from the EV start-ups in that space?

I think the start-up space in EV was hugely crowded. Given the regulation changes that have happened recently, we believe that the consolidation will be faster now. When the consolidation happens, it will narrow down to fewer

players. Within EV, scooters will be seen as the industry in the next five-seven years.

Motorcycles are even tougher at the commuter level because of the economies, which is why we have tied up with Zero Motorcycles for performance motorcycles to come into EVs because buyers for such categories are ready to pay the price.



Do you see any impact on your overseas business, especially with the economic crisis in the West? What about your operations in Mexico, Bangladesh and South America?

Currently, we are small as far as our global business is concerned So, I wouldn't say that our global business is impacted by those economic scenario. It is five per cent of our revenue. We are in 40 plus markets, but we will double down to eight or nine markets out of those and disproportionately put resources there and move on a faster track, while catering to the rest of the markets as well.

We are also entering some of the South-east Asian markets which is why we are doubling down to those markets. Scaling up in those markets will continue.



Are you open to merger and acquisitions now since the market has opened up. Also, what is your capex plan for this year?

We are open to all M&As, alliances, collaborations. Our balance sheet is strong. So, whatever that makes strategic sense with a right value, we will be open to do that. Overall capex guidance that we have is ₹1,000 crore to ₹1,500 crore a year, and more and more that would be on EV and premium as we move forward.