

We're reading too much into weak two-wheeler demand: Hero Moto exec

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Hero MotoCorp expects two-wheeler demand to return strongly during the festive season and bring the industry, reeling from slowing sales, out of the woods.

“We are reading too much into it (the demand slowdown). If you look at how the beginning of the festive season has been, we get a lot of confidence. We see urban markets coming back strongly in Q2,” Ashutosh Varma, head, national sales, Hero MotoCorp, told Business Standard on the sidelines of the Fourth Auto Retail Conclave, hosted by the Federation of Automobile Dealers Association (FADA).

Varma's optimism is in contrast with the dealer body's statement flagging slow demand recovery for motorcycles and scooters “as an area of concern”, in its monthly retail sales update earlier this month.

Two-wheeler sales in the world's largest market have been in the slow lane for over the past two years. Though volumes have started to improve over the past three-four months, they are way below the pre-pandemic period. Two-wheeler retail sales in August rose 8.5 per cent year-on-year to 1,074,266 units, but the figure was 16 per cent less than that in August 2019, FADA said in a release earlier this month.

On average, a Hero dealer has a two-month inventory. Dealers now fear that during the peak festive season, the stockpile will only grow because the company will pump in more stocks. “Ideally, the inventory



IN THE SLOW LANE

- ▶ 1,074,266 two-wheeler sold in August
- ▶ 16% fewer two-wheelers sold last month than in August 2019; the figure is up 8.5% YoY
- ▶ 2-month inventory with Hero dealers; it should have been for 40-45 days

at this time of the year should be 40-45 days; it's already higher by 15 to 20 days,” said a person familiar with stock levels.

Dismissing such fears, Varma said: “The inventory is always in line with our retail plans. Inventory is the function of the retail plan of the company and it's very much in line.”

Hero is expected to launch attractive schemes during the upcoming season as it seeks to attract buyers amid lacklustre demand. Varma said these schemes won't be out of the ordinary and shall be in line with what the company and industry offer every year. “We still have to finalise these schemes,” he said.