

MASS MARKET VELOCITY

Bajaj rises to the top in e-scooters by tapping the lower end of the market. Can it stay there?



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With a 36 per cent share of the sub-₹1 lakh electric scooter market, Bajaj Auto has successfully played in the volume market, which used to be Ola Electric's stronghold, and for the first time risen to the top of the overall electric two-wheeler market with a nearly 27 per cent share.

It is a heady ride made possible by the time-honoured Chetak brand, one of whose electric variants, Chetak 2901, debuted in June with a price tag of ₹96,000, backed by a massive increase in distribution network.

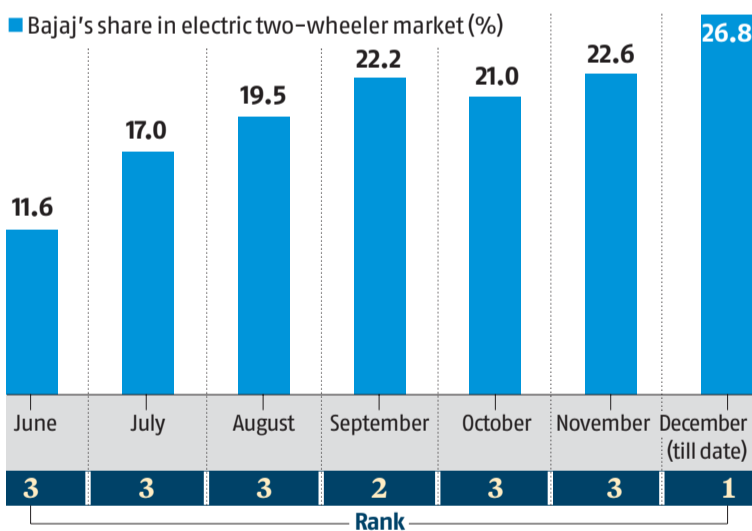
The two-wheeler giant had only 14 per cent of the electric two-wheeler market in May this year, but its 26.8 per cent in December till date is comfortably above those of its chief rivals Ola (19.2 per cent) and TVS (23 per cent). Ola and TVS were ahead of Bajaj till November. So, is December a flash in the pan for Bajaj? Or, can it hold on to the top slot?

It surely wants to. To do so, it has fired a fresh salvo to capture a larger share of the market. Last week it launched two new electric scooters in the premium segment, where it entered the business with the Chetak 35 series priced at ₹1.20 lakh and above. The scooter, based on a new frame and powered by a 3.5 kwh battery, offers a higher range of 153 km, compared to 90 km in the earlier model, and has one of the largest boots (35 litres) in the segment. It comes with a roomier 80 mm longer seat, TFT display in the top variant, and with map support and smartphone connectivity.

"While the e-scooter market is still evolving, it can be broadly segmented on the basis of price into sub-₹1 lakh and above ₹1 lakh. Chetak has built a leadership position in the sub-₹1 lakh segment with the Chetak 2901. However, our presence in the above 1 lakh segment is relatively weaker. The new 35 series addresses the

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MOVING UP THE LADDER IN 2024



upper half, with the introduction of two best-in-class scooters and one more to follow... we are quite optimistic about driving up our share in the top half too and obviously at an overall level," says Rakesh Sharma, Executive Director, Bajaj Auto.

Currently, Bajaj's share in the over ₹1 lakh e-scooter market is 14-15 per cent. And it is a highly competitive market, with all top brands vying for space: Ola, TVS, Hero MotoCorp as well as Ather Energy. Ather wants to focus only on the premium market. Next year, Honda enters the game, having showcased its e-scooter a few days ago. But it is a large market waiting to be tapped.

Dramatic shift

The e-scooter market saw a dramatic shift this year. At the beginning of 2024, the ratio between the premium and the sub-₹1 lakh segments was tilted in favour of the former, with the premium segment accounting for more than 75 per cent of the sales. But with Ola launching a series of affordable products on attractive discounts, the dynamics of the game changed. Now the market is about half and half.

Ola's shift to the volume market

is reflected in the fact that in the second quarter of FY25 as much as 57 per cent of its sales came from this segment, up from 43 per cent in the fourth quarter of FY24. In the first and second quarters of FY24, its entire sales volume was in the premium segment.

Ola had a free run while the leaders of the traditional petrol-driven two-wheeler market took their time. It was only from May and June this year that Bajaj and TVS became serious about the electric market and launched sub-₹1 lakh models while expanding their e-scooter distribution network.

Top end of volume segment

Bajaj's strategy for the sub-₹1 lakh segment is different, says Sharma. It is positioned at the top end of the mass market with prices between ₹96,000 and ₹1.02 lakh in some states — a premium of 10-13 per cent to competition, whose prices range from ₹85,000 to ₹92,000.

Apart from expanding its market share, being in the premium segment is important for Bajaj. That offers higher overall realisation for the company, which gets reflected in higher average

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sales price (ASP). Bajaj executives say it will make money on every electric scooter from the Chetak 35 series from day one and that will help improve margins.

"The ICE (internal combustion engine) scooter market, which is dominated by the Activa (from Honda) sells at an on-road price of ₹90,000 to 1.2 lakh. There is no reason to believe the same won't be the case in the electric scooter market. So, the bulk of the profitable market is over ₹1 lakh," says a top executive of a leading two-wheeler company.

Besides, Bajaj is not content to rest on its oars in the sub-₹1 lakh space. It will play in both segments of the markets. Though there is no immediate action on the cards for a few months, it is preparing for round three of the electric scooter battle, which will see it expand its offerings in the affordable market, too.

No gig

What Bajaj is clear about is that it will not make low-priced electric scooters specifically for gig workers or those making ecommerce deliveries. Ola has announced an electric scooter priced at ₹39,999 to be launched next year. Bajaj addresses this market through a set of low-end vehicles which do not need registration from Yulu, in which Bajaj has a minority stake and which sells 3,000-odd vehicles a month.

For its part, Bajaj is looking at a product that can be used by gig workers for their business as well as for family needs. Senior executives in the company say the sweet spot could be in the ₹80,000 to ₹90,000 price range.

A Bajaj executive says that when gig workers use the electric scooter for deliveries or rides and take it on subscription, they do not bother about status. But when they want to own an electric scooter, which he also brings home to the family, the requirements are different.

What is certain is that 2025 will be no less dramatic than 2024.