Royal Enfield races past Harley in global sales

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New Delhi: It's like David taking on Goliath, on the highway. Till now, Milwaukee-born Harley-Davidson (HD), which makes motorcycles with engine displacements over 700cc, has been chugging along unchallenged. But finally an Indian 'heavy' bike maker seems to have caught up, albeit with its nifty range of smaller capacity models.

Chennai-based Royal Enfield (RE), originally a British marque from Redditch, sold a shade over 3 lakh bikes in 2014, overtaking Harley's global sales of 2.67 lakh units. Although HD motorcycles sell at a huge premium of the world's oldest motorcycle brands.

Ten years ago, RE had been reduced to a fringe player in the domestic motorcycle market, plagued by its 50-year-old unreliable iron cast engine, while newer and more reliable models from its Japanese rivals swamped the biking scene.

But since then, after modernizing its portfolio and rolling out a slew of contemporary models, such as the Classic, the new Thunderbird and the Continental GT, it has had a strong run. While HD's worldwide numbers grew by 3% in 2014, RE grew by 70%.

BITING THE BULLET

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- Harley's worldwide numbers rose 3% in 2014, while Enfield's grew 70%
- But Harley bikes cost far more — its cheapest model in India is around Rs 5 lakh while RE's most expensive model comes for Rs 2 lakh
- Over their RE kin (HD's most affordable model in India sells for around Rs 5 lakh while RE's most expensive model comes for Rs 2 lakh), what's remarkable is the stunning turnaround by one

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Enfield wants strong presence in western Europe, US

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Owned by the Rs 1,750 crore Eicher Motors and run by MD & CEO Siddhartha Lal, Royal Enfield now wants to build a strong presence in Western Europe and the US while the domestic demand for its bikes remains strong. “It is certainly a big milestone,” Lal said. “But we have a long way to go, and this is just the start of a long journey.” International sales for us are still small.

Lal said during the years of struggle within the brand, thoughts of beating the legendary Harley-Davidson had never crossed his mind. “My only goal used to be about crossing the one-lakh-unit mark in sales in a single year. That’s all. This, in fact, is quite a step-up for us considering we were only doing about 50,000 units annually till 2010.”

While RE has to produce a motorcycle with engine capacity above 500cc and prove its mettle among the big daddies of the cruiser world, it has been busy poaching from HD, Ducati and others. Last year, it hired Harley’s head of global sales and customer service Rod Copps as its president for the North American business and Ducati bike designer Pierre Terblanche as its chief designer.

While RE’s sales are still very small when compared with volumes players such as Hero MotoCorp and Bajaj Auto, the brand lures buyers who provide fat profit margins, something similar to what Apple does in the phone market. The company now has an ambition to emerge as the biggest player globally in the mid-size bike market.

“While Royal Enfield’s sales are very small when compared with Hero MotoCorp and Bajaj Auto, the brand lures buyers who provide fat profit margins, something similar to what Apple does in the phone market. The company now has an ambition to emerge as the biggest player globally in the mid-size bike market. “We want to be a global leader in that segment,” Lal said.

And when asked whether he would like his products to be called the “Harleys of India”, Lal said: “I don’t want to be a clone.”