

KTM

FROM

DIRT

TO

TARMAC



125

DUKE



**THE WORLD'S
FAVOURITE
INDIAN**



KTM is a legendary Austrian brand which has been in the business of building race-winning motorcycles since its inception in 1953. The fact that it has created bikes which have won over 300 world championship titles, including 18 consecutive Dakar Rally Wins from 2001 till date, stands testament to the brand's philosophy of **Ready to Race**.

In 2007, Bajaj Auto and KTM entered into a collaboration which marked the beginning of a new era of synergy. On the surface, the two companies appeared to be contrasting. At the outset, KTM's strategy was to focus on premium products in mature markets with small volumes, whereas Bajaj was characterised by value-for-money products aimed at emerging markets. This unlikely alliance between the two was forged based on three key principles: globalisation, branding and alignment.

In Bajaj's quest to become a **Global Motorcycle Specialist**, KTM's support helped pave its way into developed markets like Europe, Canada, Australia and Japan. For KTM, the acquisition of a 14.5% stake by Bajaj in 2007 aided the company in tiding over financial difficulties and subsequently becoming Europe's largest motorcycle maker. This association has worked wonders - KTM flourishing with a CAGR of 48% (Exhibit 1) and attaining record sales of 100,000 (One Lakh) within 4 years of its launch. Bajaj currently has a 48% share in the company and KTM's dealership network is the largest for any premium motorcycle maker in India (Exhibit 2).

So, what has worked so well for the brand? Success can be attributed to several factors:

Differentiated Offerings

While entering emerging markets like India, KTM chose not to compete with other brands, instead creating its own distinct offering of **never-seen-before biking segments**.

Performance

Every bike is designed in such a way that it is 100% Ready to Race. A KTM bike has the highest power to weight ratio in its class. This means that the bikes provide sharp handling along with top-notch performance.

Constant Innovation

Every year, KTM's new models are crafted and existing models upgraded based on the previous year's race experience keeping in line with the company's philosophy. Bajaj's R&D team, along with KTM engineers use latest state-of-the-art technology to roll out models which are faster, leaner and better than before.

Pricing

A primary reason for KTM's success is the competitive pricing at which premium products and features are offered. All KTM bikes (below 400cc) are manufactured in Bajaj Auto's Chakan facility in Pune where the full benefit of economies of scale can be reaped. This cost advantage allows customers around the world including India to get performance comparable to bikes of a larger capacity at a much more reasonable cost. This is a perfect example of what "Made in India" can do.

Promotion

KTM has unique engagement programs tailor-made to suit various target groups - from **first time buyers to racing enthusiasts**. Activities such as Orange Day, Orange Tour, Orange Cup and Orange Rides are arranged across the country from metro cities to Tier 2 and Tier 3 towns which drive both brand awareness and recall, as well as customer engagement.

125 DUKE



JANUARY 2012

In the Indian market, KTM 200 Duke was launched in 2012 as its entry-level offering at ₹1.18 lakhs, quickly pulling away the typical Indian motorcycle customer from mileage mindset and upgrading them to performance-based mindset. It is lightweight, quick and has a streetfighter stance with better throttle and response in comparison to any other 200cc bike in the segment – making it the leader of performance-oriented 200cc bikes (Exhibit 3). The KTM 200 Duke won hearts and awards both, the Indian Motorcycle of the Year Award in 2013 being one of many.

FEBRUARY 2012 TO MARCH 2018

During this period, KTM launched a wide range of performance bikes such as KTM 390 Duke, KTM RC 200 and KTM 250 Duke. In a span of approximately a decade, more KTMs are now sold in India than in any other country around the world. It stands testimony to the power of the brand, its positioning & the strength of Sales and Distribution network established.

APRIL 2018

With the directive to make Anti-Lock Braking System (ABS) mandatory for all bikes over 125cc from April 2019, the price of KTM 200 Duke would go up to ₹1.60 lakhs, making it beyond the reach of many consumers in India. To occupy this space, KTM has decided to launch a 125cc Duke model in the upcoming months at a price of ₹1.18 lakhs which is similar to the original price at which KTM 200 Duke was launched. Moreover, KTM 125 Duke is the only bike to have standard single ABS, ensuring better safety. The idea behind this product is to ease entry-level biking enthusiasts into the world of KTM.

The following features set it apart:

- » Easy to manoeuvre with crisp gearshifts and a light clutch
- » A 124.7 single-cylinder, liquid cooled DOHC engine which gives a power of 14.3 bhp at 9250 r.p.m which is comparable to several 160cc sporty and premium motorcycles
- » The first bike in the commuter segment of simple-looking, fuel-efficient motorcycles to have upside-down forks, aggressive streetfighter stance and fat tyres
- » The same parts, bodywork and features as KTM 200 Duke which makes it more feature rich than most 125cc bikes, thus justifying the premium price tag of ₹1.18 lakhs

Despite the KTM 125 Duke's superior features, KTM's entry into this segment is a complex venture because the brand has always been associated with power and performance, whereas the 125cc segment is a commuter segment characterised more by fuel mileage and value for money.

You are part of the marketing team of KTM entrusted with the responsibility of developing a Go-to-Market strategy for the KTM 125 Duke. The 125 Duke launch is planned for July 2018.

Turn 1

- » Create a positioning that fits in with KTM's legacy while reflecting the bike's unique features
- » Identify the risks associated with the launch
- » Identify 4 distinct Target Groups. Additionally, create customer segments and customer profiles

Turn 2

- » Create a campaign to market including but not restricted to:
 - I. ATL Activations
 - II. BTL Activations
 - III. Digital Campaign
- » Draft an action plan to create a differentiated user experience for the customers at all stages:
Pre-sales, during-sales and Post-sales

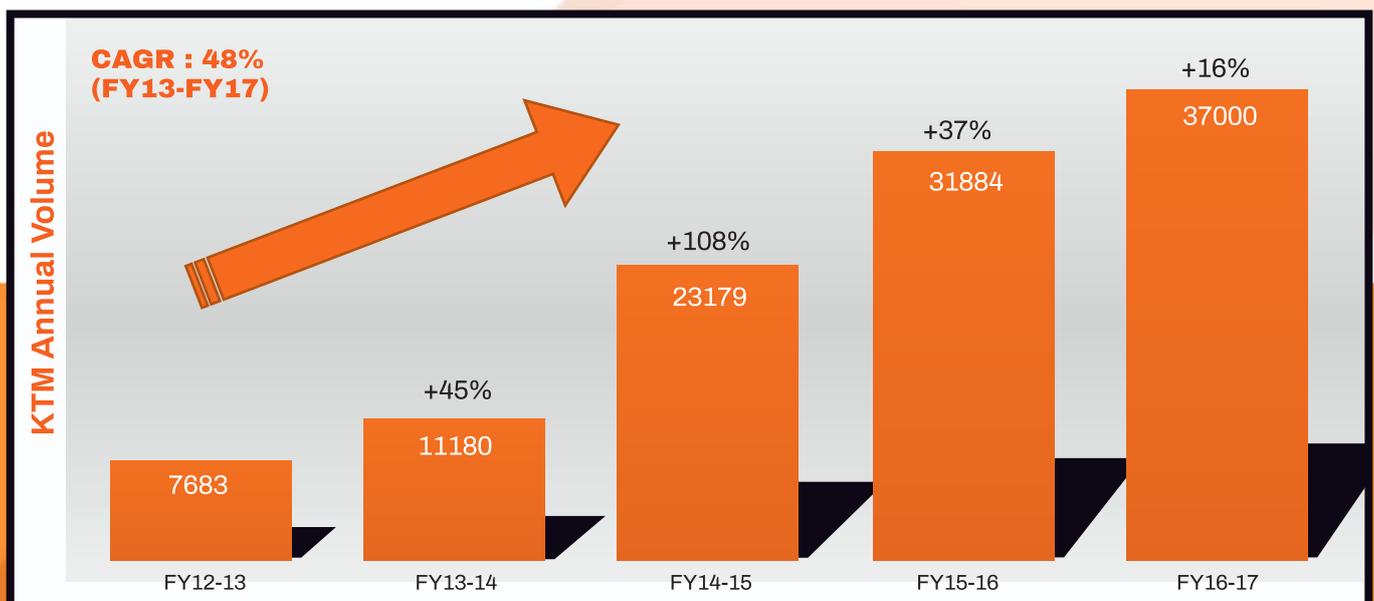


Exhibit 1: KTM Sales in India (number of bikes sold)

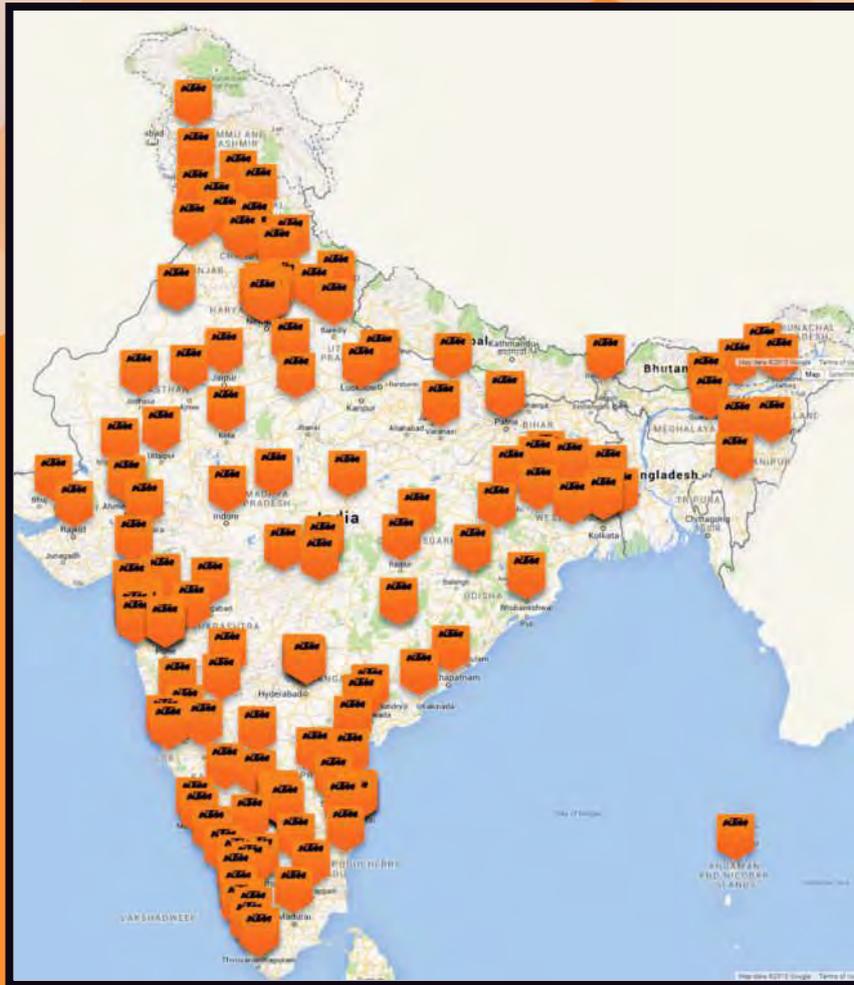


Exhibit 2: KTM's vast dealership network in India

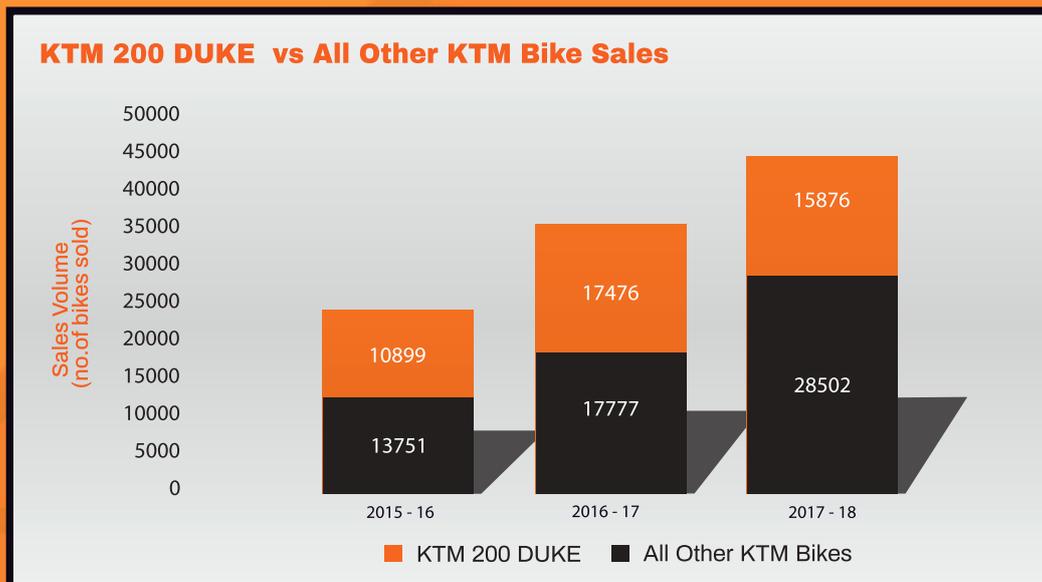


Exhibit 3: Sales volumes of KTM 200 Duke vs All Other KTM Bikes

Evaluating Parameters

- » Logical Thinking & Analysis
- » Novelty of Ideas
- » Feasibility of Implementation

Rewards

- » OffRoad Winner(s) receive **PPOs/PPIs** and a total **cash prize of ₹1,00,000/-**
- » OffRoad Runner(s)-up receive **PPOs/PPIs** and a total **cash prize of ₹50,000/-**
- » All other teams are also eligible to be awarded **PPIs** & Merchandise on the basis of the quality of submission

Rules

- » Register in teams of two or go solo
- » Submit solutions to Turn 1 of the challenge in a three-slide presentation
- » If shortlisted for Turn 2, submit solutions to Turn 2 of the challenge in a multi-slide presentation which will then be presented to Bajaj Auto Leadership
- » The ideas, content & material emerging from the challenge would be solely owned by Bajaj Auto Limited
- » DO NOT post any content on any digital media platform or in print without prior approval from us
- » DO NOT denigrate any brands including those of our Competition

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