

Road widens for used bikes

The pre-owned two-wheeler segment is highly fragmented and branded players are joining the race as they eye growth in an unorganised segment

SANGEETA TANWAR

The pre-owned two-wheeler market appears to be getting a lift. Following the footsteps of Royal Enfield, luxury bike manufacturer Ducati, too, is considering entering the used two-wheeler market. The company, which is a strong player in the segment in markets like Japan, the US and the UK, is yet to formalise its debut strategy. But the fact that it is looking at an alternative business model reflects the growth that the segment offers in India.

“The used two-wheeler segment is a growing business worldwide. Look at Japan, which is one of the biggest markets for used vehicles. With the growth in the overall two-wheeler market in India, the demand for second-hand bikes, too, is growing. It is the best option for buyers who

cannot pay for a new bike but want to own the experience that the vehicle offers,” says Sergi Canovas, managing director, Ducati India.

The pre-owned two-wheeler segment is highly unorganised and fragmented. Canovas believes branded players have an added advantage over unorganised ones since they can offer better brand-product experience and price to customers looking to buy pre-owned bikes.

For example, in markets outside India, Ducati runs a programme titled “Ducati Approved”, which offers buyers certified, fully-inspected used Ducati bikes. The vehicles on offer are less than five years old, with certified mileage lower than 50,000 km and having cleared 55-plus rigorous technical checks.

It is estimated that over the next two to three years, about 10 to 15 per cent of the bike makers’ business will come from used-two wheeler sales.

Ducati retails used-two wheelers from the same channel as it sells its new bikes. Canovas says, “It’s important that you sell the bike with the same level of premium as the new bike.”

Interestingly, Royal Enfield’s approach to pre-owned vehicles is in stark contrast to Ducati’s. The mid-size bike player forayed into the segment this year by setting up its first pre-owned motorcycle store in Chennai — Vintage. The store will deal exclusively in pre-owned, refurbished and restored motorcycles. According to Shaji Koshy, head, India business, Royal Enfield, “By launching the Vintage store, we are creating one more access

Branded players can offer better brand-product experience and price to customers looking to buy bikes

SERGI CANOVAS

Managing director,
Ducati India



Royal Enfield opened its first pre-owned motorcycle store Vintage this year in Chennai

point for our existing as well as new customers. This concept will further expand our family and help us strengthen our community base.” The obvious upside is that upgraders do not have to worry about selling their motorcycles elsewhere via unorganised channels. Vintage will serve as a one-stop-shop for all their needs.

Royal Enfield has created a new brand retail identity for the Vintage concept. A separate workforce with a core skill set and requisite expertise is also on board for this initiative.

“At the outset, experimenting with the existing (retail) channel appears to be a cost-effective proposition,” says Saurabh Jain, associate vice-president, research (equity), SMC Global Securities.

Perhaps this is what explains Ducati leveraging a common distribution channel to sell new and used vehicles and consistently deliver a high-quality brand experience to both set of buyers.

At the same time, Jain sees merit in Royal Enfield setting up a



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separate distribution channel to push pre-owned two-wheeler and refurbished vehicles. Most likely, given the huge potential that the pre-owned two-wheeler market offers, the bike manufacturer wants to test the market, and benchmark customer experience by offering buyers a differentiated and unique consumer experience.

There is precedence to Royal Enfield’s dual distribution strategy in the auto market. Maruti Suzuki, for example, rolled out its Nexa network to attract a new set of buyers through premium offerings.

Undeterred and unmindful of comparisons, Royal Enfield is

upbeat about the business potential that Vintage stores offer. Koshy says, “We have been in the business of selling motorcycles for a long time now, and have always considered the pre-owned business as an important aspect of the product life-cycle and the journey of a consumer.”

With about three million motorcycles on the road and over 790 dealerships across the country, Royal Enfield sees more of its bikes on Indian roads. And to make that happen, it plans to open Vintage stores in 10 more cities such as Mumbai, New Delhi, Pune, Bengaluru, Lucknow.