

The Future of the Indian Electric Two-Wheeler Industry





Image credit: Ather Energy

Short version of the Report

The landscape of two-wheeled vehicles in India is undergoing a remarkable shift, primarily driven by the growing demand for electric scooters.

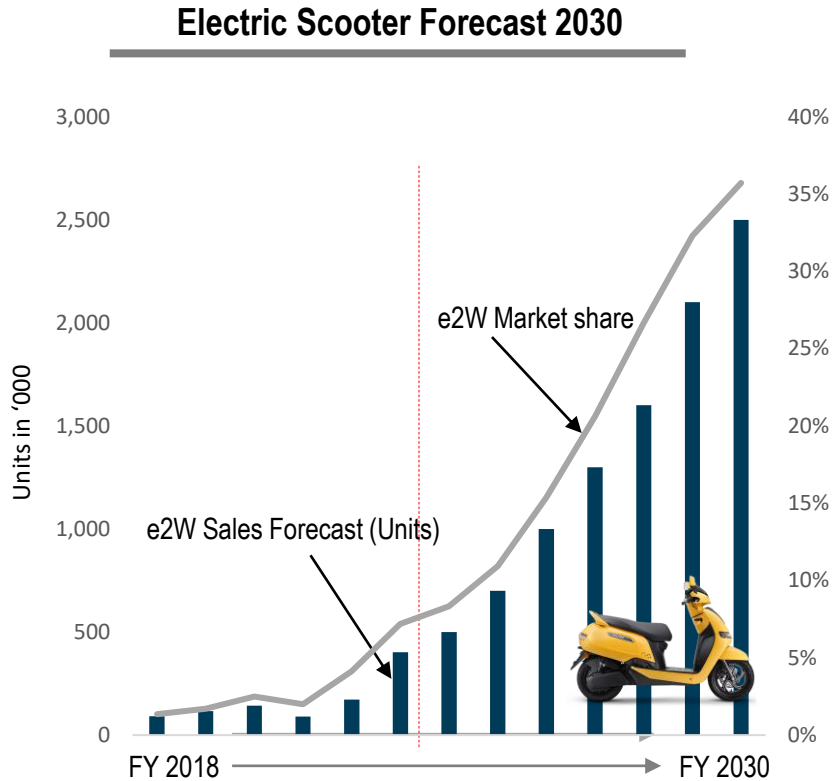
This change is expected to trigger a reconfiguration of the established brands that have long dominated the industry. To remain competitive and relevant in this evolving landscape, traditional automakers need to strategically incorporate advanced technologies.

About US:

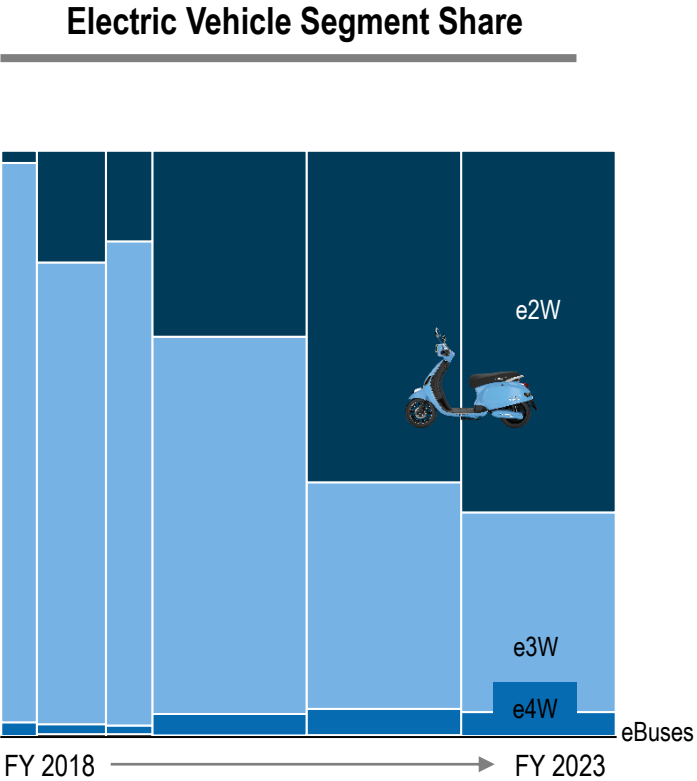
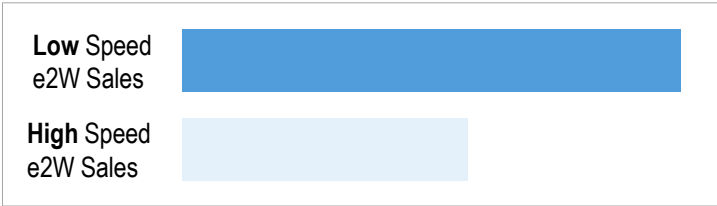
We are a Global market intelligence and analytics group specializing in the automotive sector. We empower organizations to make informed and strategic decisions at every level, leveraging an integrated suite of market models, essential industry data, and a network of Automotive industry experts.

We work with leading Automotive stakeholders like OEMs, Suppliers, Financial Institutes, Logistics companies, Branding agencies, Research and consulting firms, and Government organizations to help them minimize risk, and improve performance in various areas.

The scooter segment is experiencing a notable shift, with expectations of capturing a market share ranging from 30% to 36%



Source: ACG Analysis



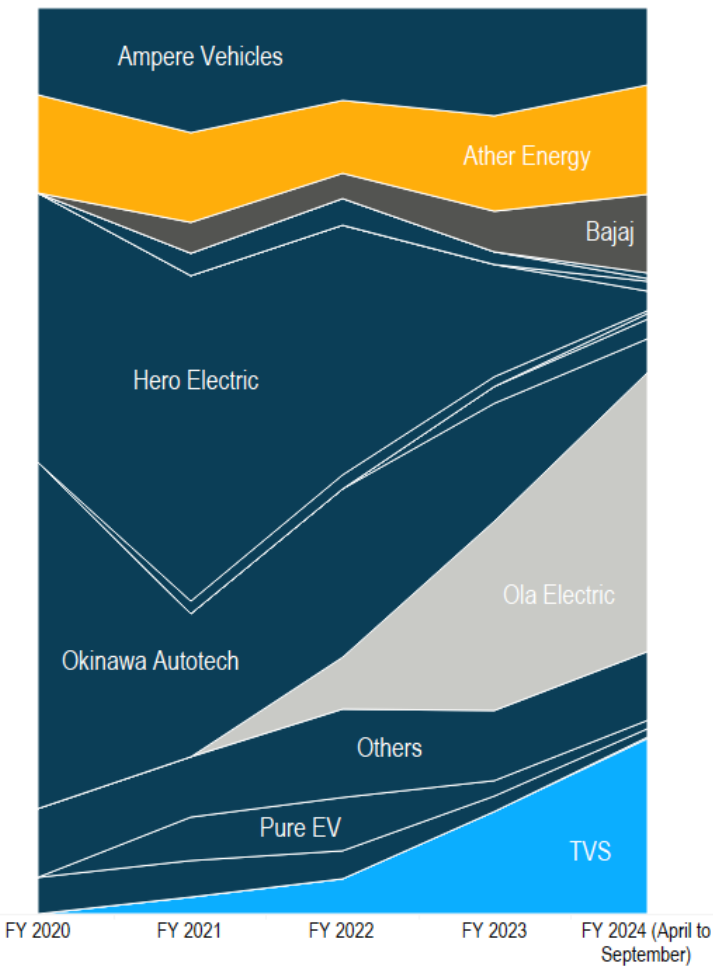
Source: ACG Analysis, Vahan

Electric Vehicle market overview

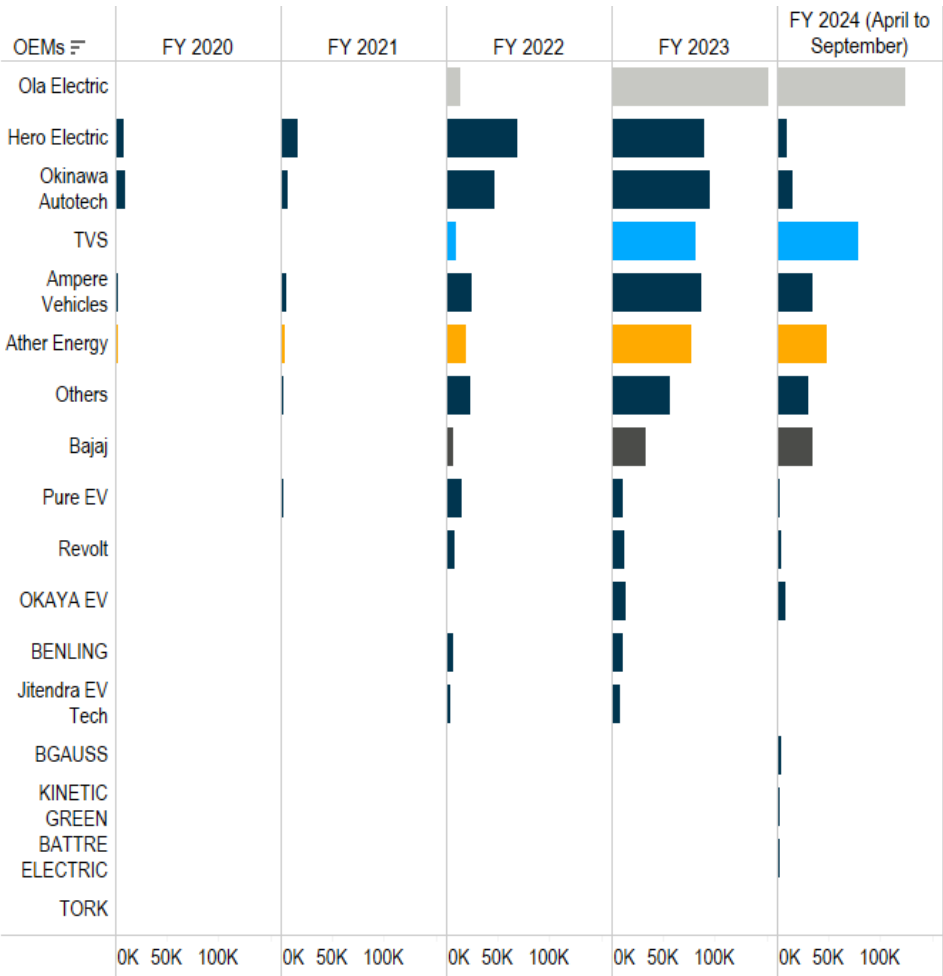
- Electric scooters are expected to capture 30-36% of the Indian two-wheeler market by 2030. The low-speed electric scooters are accepted more compared to Electric Motorcycle.
- India needs to create an ecosystem to support electric two-wheeler sales.
- Electric Three-wheeler are the second-largest segment.
- The motorcycle segment still has a negligible share in the two-wheeler industry.

Ola dominates the Electric Scooter Market

OEMs Market Share



OEM wise Sales Volume

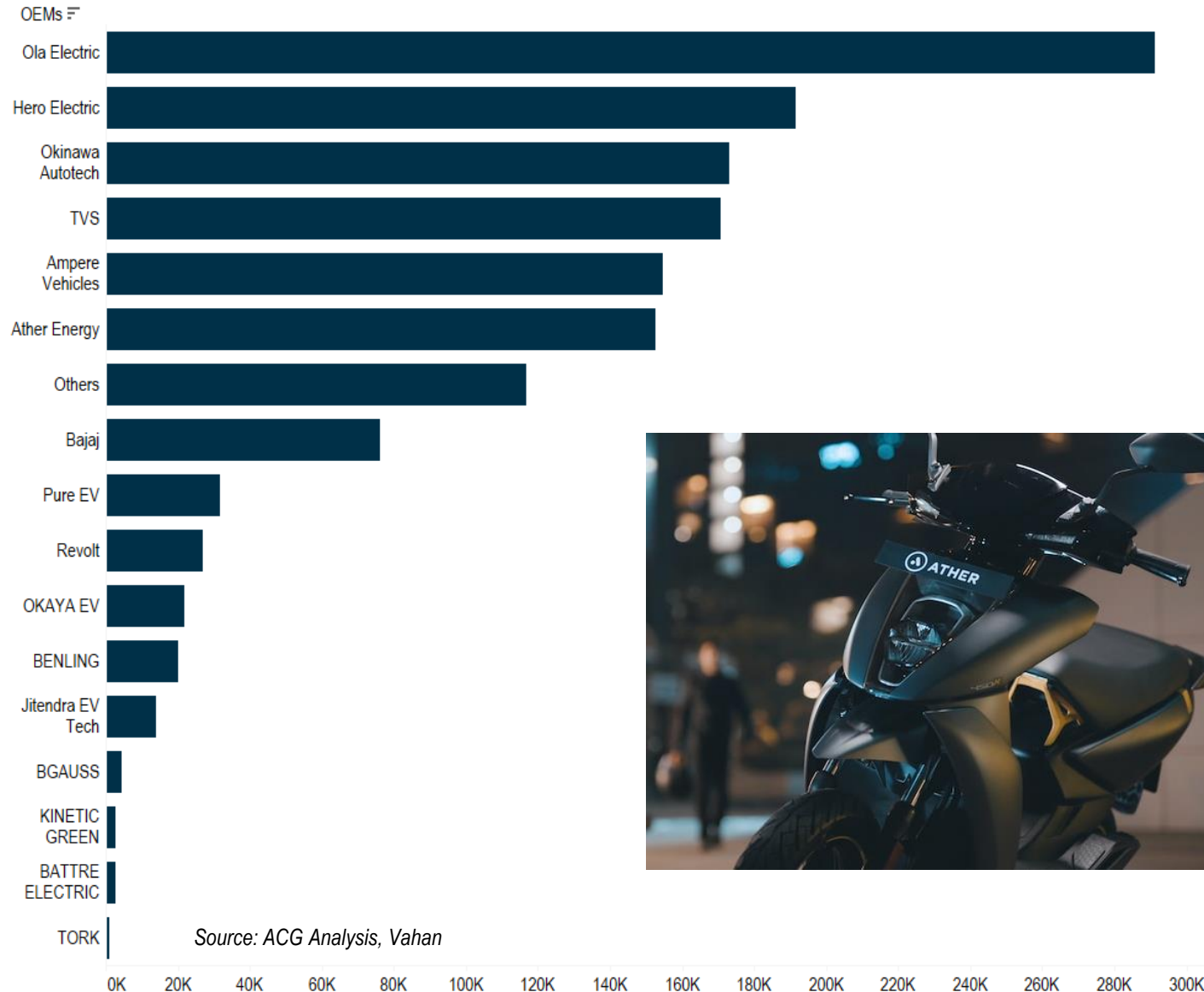


Electric Two-Wheeler Overview

- In the EV Segment, prominent contenders include Ather, Bajaj, Ola, and TVS. Notably, Chetak has witnessed a remarkable doubling of its market share within just one year, reflecting significant growth. Particularly, Ola stands out as the fastest-growing OEM in the EV segment, commanding an impressive 30% market share during the initial half of FY 2023
- Ola registered a remarkable growth from 2023

Source: ACG Analysis, Vahan

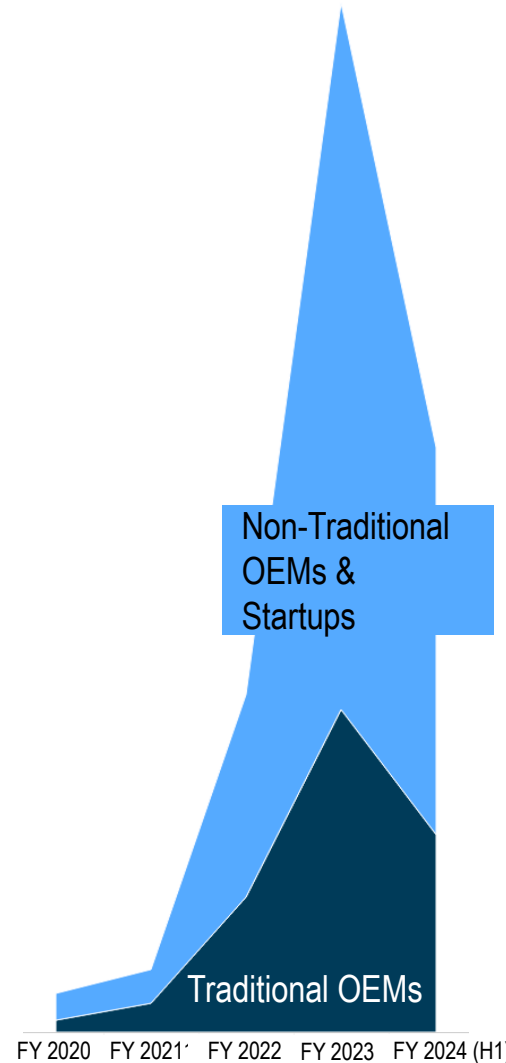
Ola became the leader in Electric Scooter cumulative sales



Market Insights

- Top 5 players have 65% market share
- All other players including Ather have 36% market share
- The Electric Two-Wheeler market is dynamic, and it is changing fast
- Ather does not have any fire incident with its scooter
- TORK and Revolt are having presence in the Motorcycle segment
- Bajaj is using its brand legacy by relaunching Chetak Electric but most of the new generation does not know about Chetak brand

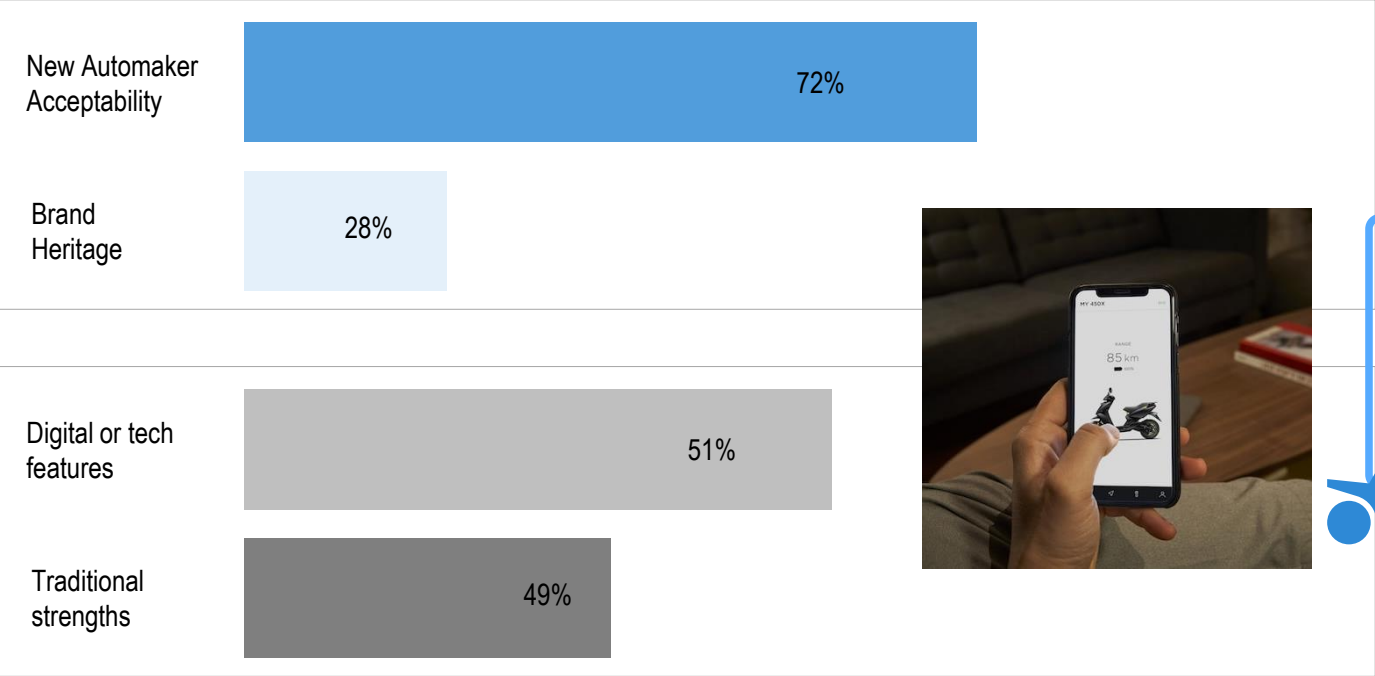
Traditional Automakers are gearing up to take market share e2W segment



Key Insights

- When juxtaposed with traditional automakers, new entrants in the EV sector exhibit a stronger foothold in the Electric Two-Wheeler market, drawing parallels with the narrative of Tesla.
- The electric vehicle (EV) market is evolving rapidly. The manufacturers that grasp customer needs and price expectations will emerge as the industry leaders
- Several other Startups OEMs are struggling with commitment issues and encountering financial difficulties

Customer behavior is sounding the alarm for heritage brands



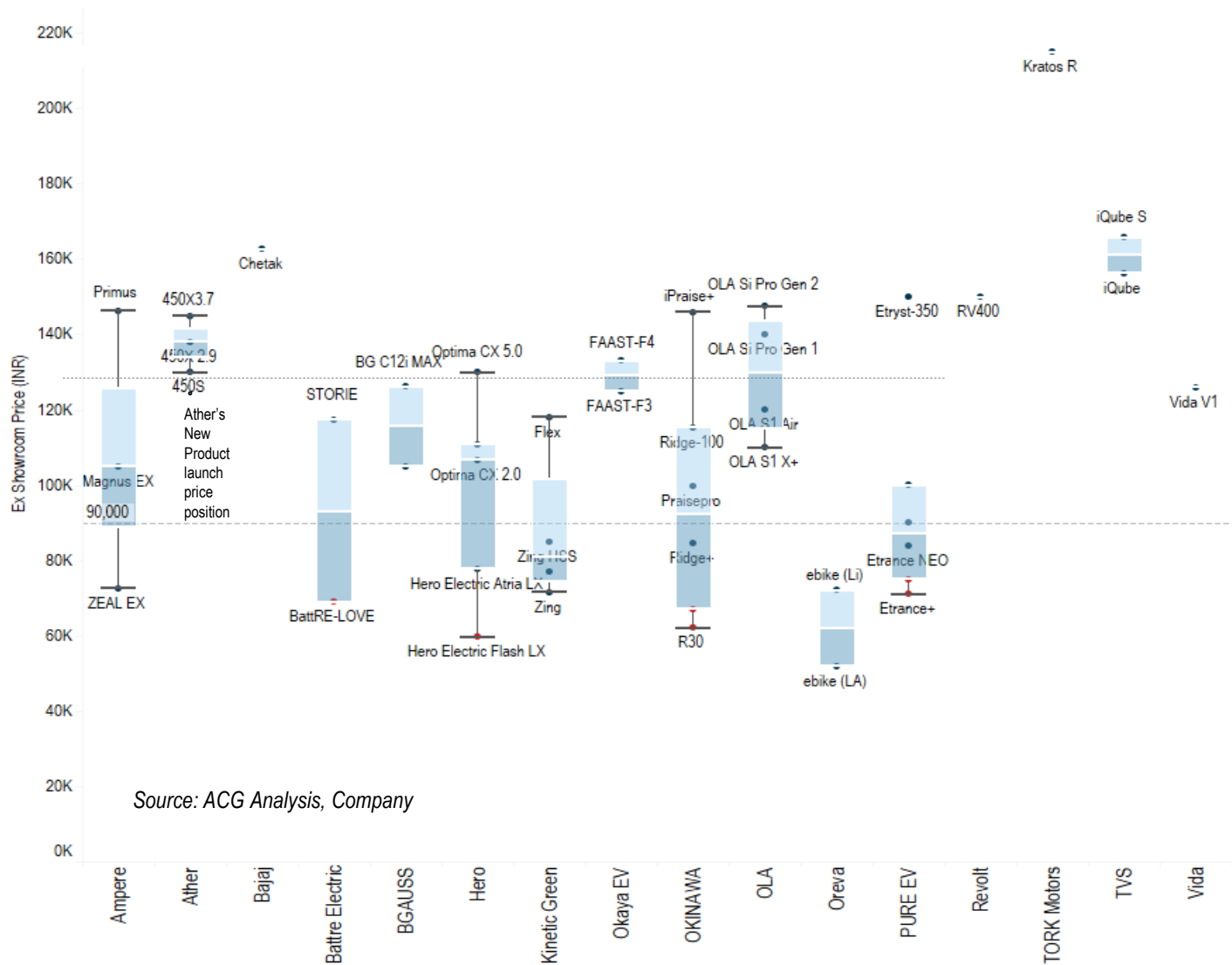
Sample size: 300
Location: Metro, Big cities, and Towns of South, East, West and North India

Source: ACG eMobility Survey

Comments

- Traditionally, Two-Wheeler buyers sought high performance, safety, and mechanical reliability. But in the digital age, riders demand a more comprehensive experience - a smart, connected ride that enhances safety, provides information, and entertains. The coming years are expected to witness a significant rise in Electric Two-Wheelers equipped with large LCD dashboards and augmented reality head-up displays.
- More than 75% people are ready to buy new brand in Electric Two-Wheeler

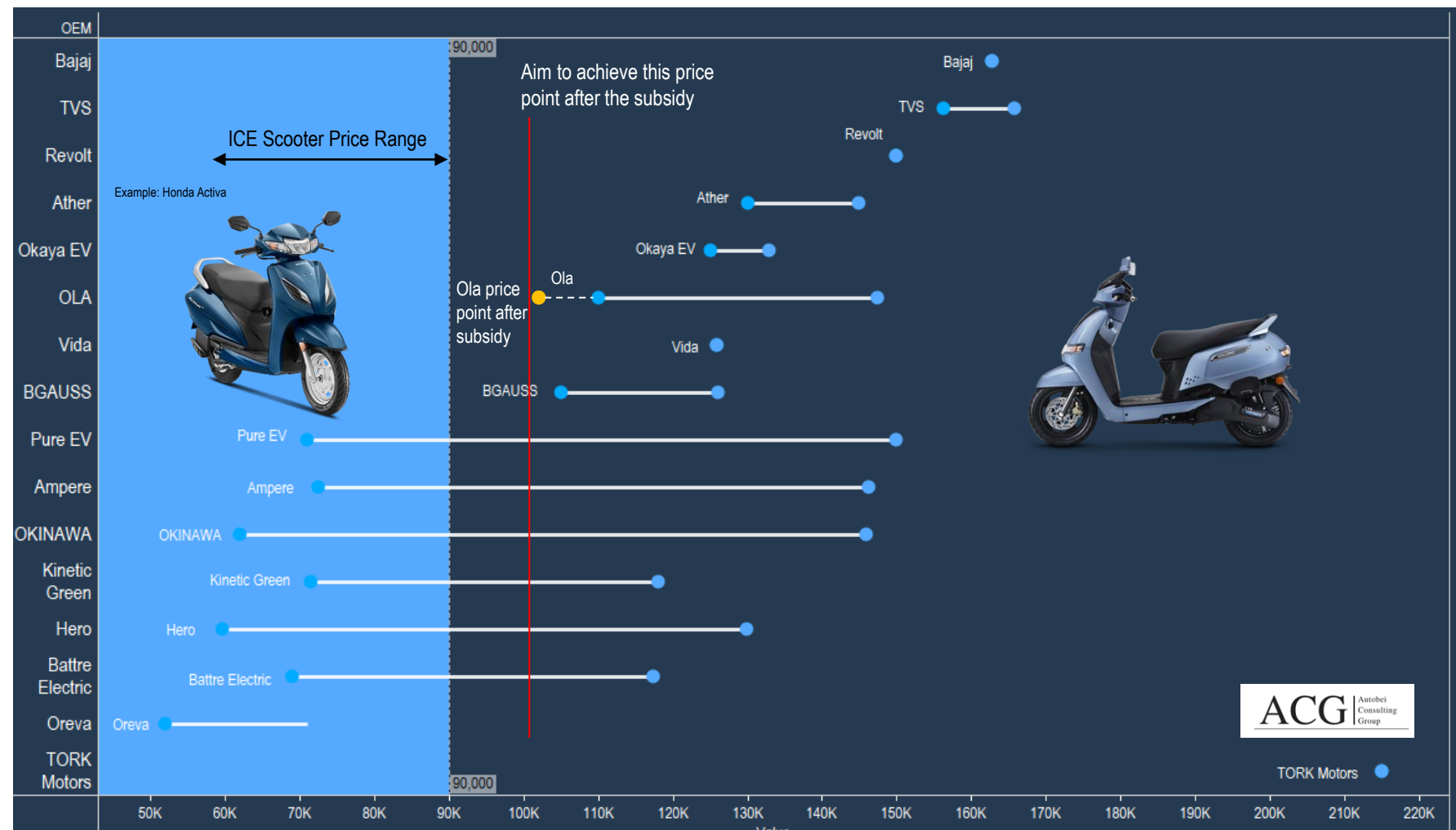
Electric two-wheelers have a wide range of products, but it's still not enough



Key Insights of Price Analysis

- Ampere, Hero, and Okinawa offer products across a wide price range
- Ola offers models within a narrow price range, targeting closely-segmented markets
- Okinawa and Hero are targeting more than two segments at a time
- Currently, Chetak and Tork have only single products
- Ather is going to launch a new electric scooter at the price of 127,000 INR

The price difference between ICE and electric scooters is narrowing

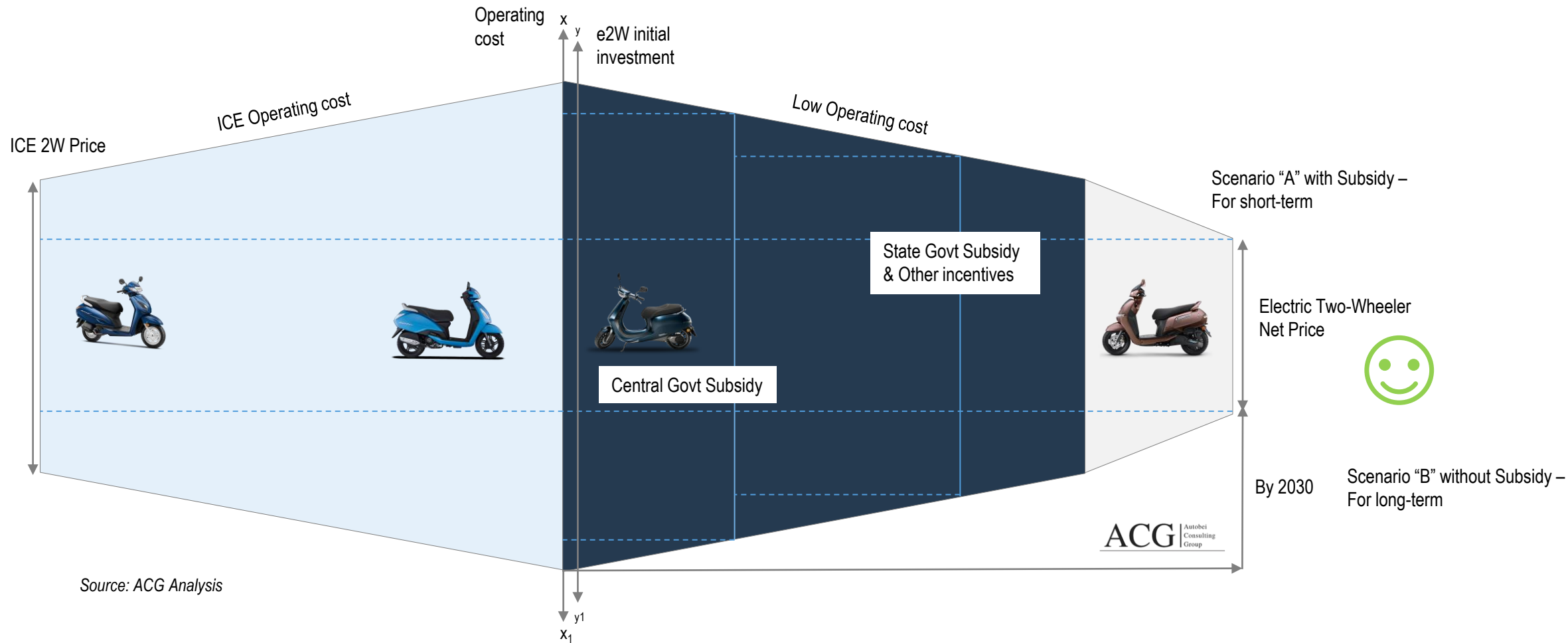


Price Range Analysis

- Indian Customers can anticipate a diverse product range in the ValuePlus, Stylish, and Economy segments
- Several models shifted to the Premium segment after changes in subsidies
- Ola presence in the Stylish and Premium segments, focusing on delivering high-value services to its customers

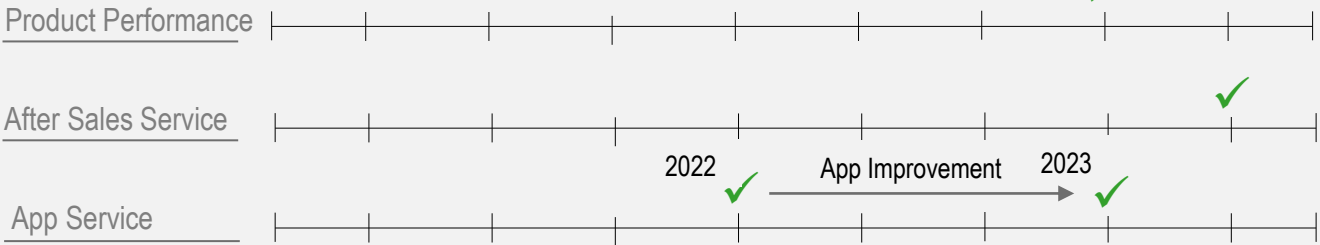
Note: Prices are ex-showroom, excluding any subsidy offers, and discount
Source: ACG Analysis, Company website

Product Transformation: ICE vs. EV



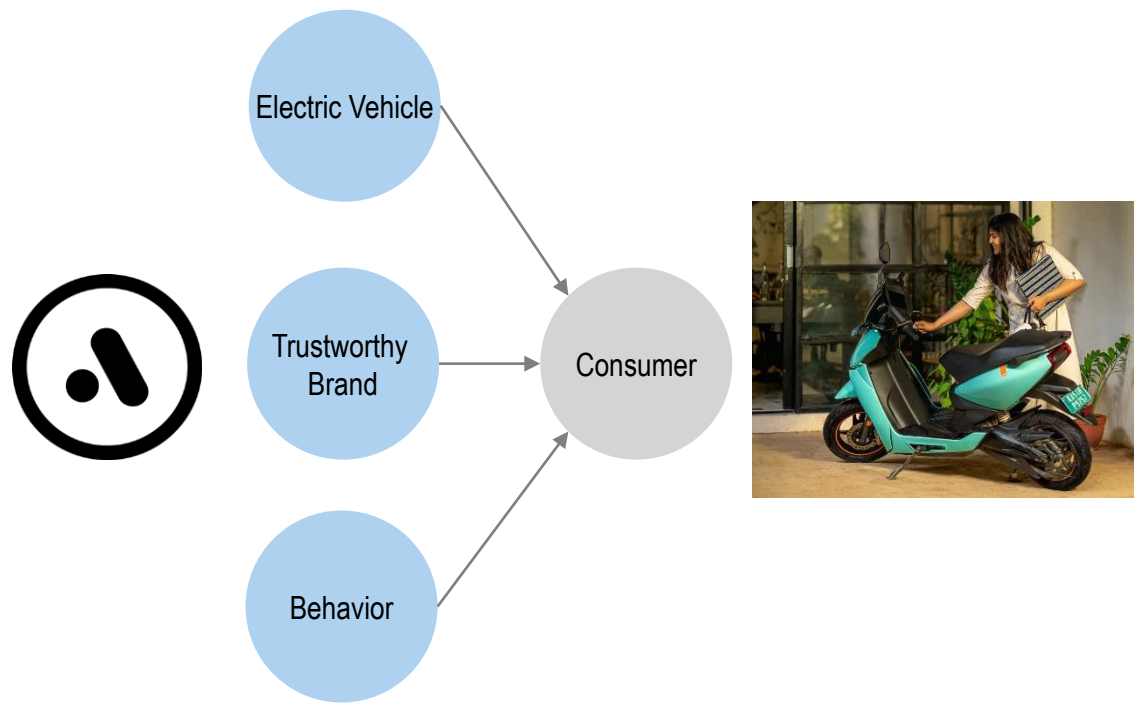


- Name: Jalpan
- Profession: Software Engineer - Ahmedabad
- City: Gandhinagar, Gujarat
- Customer Segment: younger, well-educated, moderate- to high-income individuals, couples, or small families seeking practical, environmentally responsible transportation
- Purchased year of Electric Two-Wheeler: 2022
- Running e2W from more than a Year
- Brand and Type of e2W: Ola, Air
- Reason for buying e2W: Minimize the operating cost of the daily commute from office to home and Vice Versa
- Daily running Km: 46Km – Gandhinagar – Ahmedabad - Gandhinagar
- Charging: In every 3rd day at office premises
- Reason to select Ola: Range (Key reason)
- Product Feedback and Overall Satisfaction with Ola brand:



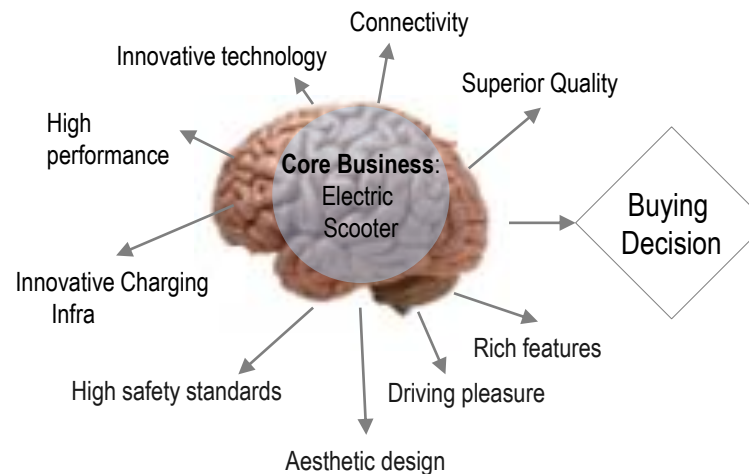
Source: Primary Survey, ACG Analysis

Deep customer understanding helps OEMs create product roadmaps



Source: ACG Analysis mind scan technique

Brand Image association



"The brand image lives in the minds of customers"

Key Insights

- We gain insights through in-depth discussions with Ather users
- It has been observed that when we say the Ather brand name, there is a positive attitude in their brain
- If Ather does not maintain its brand perception in customers' minds, Ola is almost close to taking this position from Ather
- Customers think that the core business of Ather is Electrical Scooter, and they trust it more compared to those OEMs which are having ICE and Electric Scooter under the same brand name

Each product offers a unique value proposition tailored to different user segments



• Source: ACG Vehicle user survey
• Survey sample size: 125, Location: Mega, Metro and Town

Oreva targeting specific customer group matching with its value



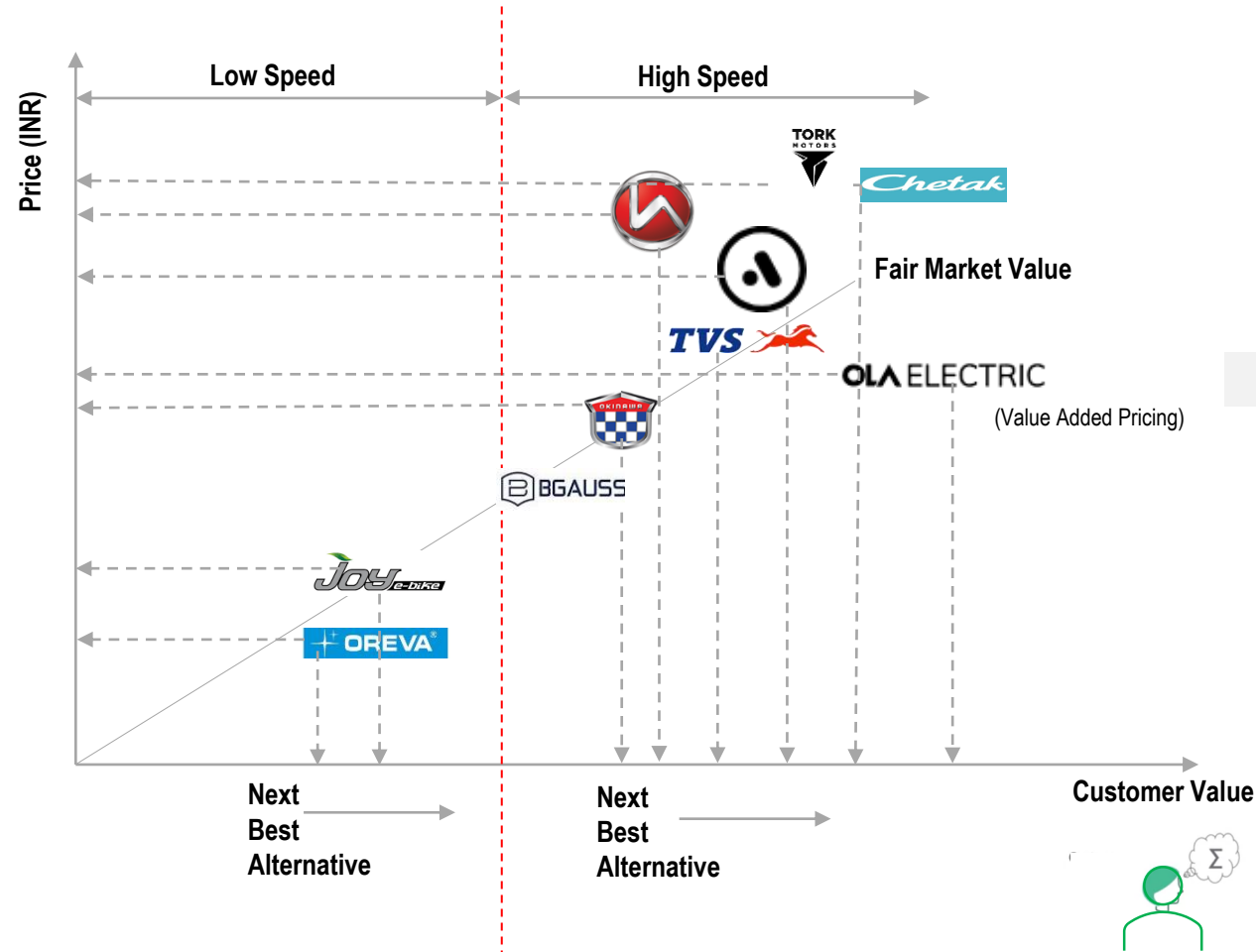
How Oreva brand perceived in the eye of the customers

OEM	Perception & Customer segment	Application	Product Pitch
Overall Customer value	Young Male/Female	Urban Commuting	Major: Intangible Attributes and Feelings Minor: Tangible attributes and Technical performance
Features	Retired Persons	Last-Mile Connectivity	
Dealer Service Support	Student – School & Coaching	Delivery Services	
Battery Option	Govt Employees	Tourism	
Resale Value	Housewives	Campus and Institutional Use	
Price	- Competitive Price - Low Operating cost - Safe	- Rental Services - Green Initiatives	

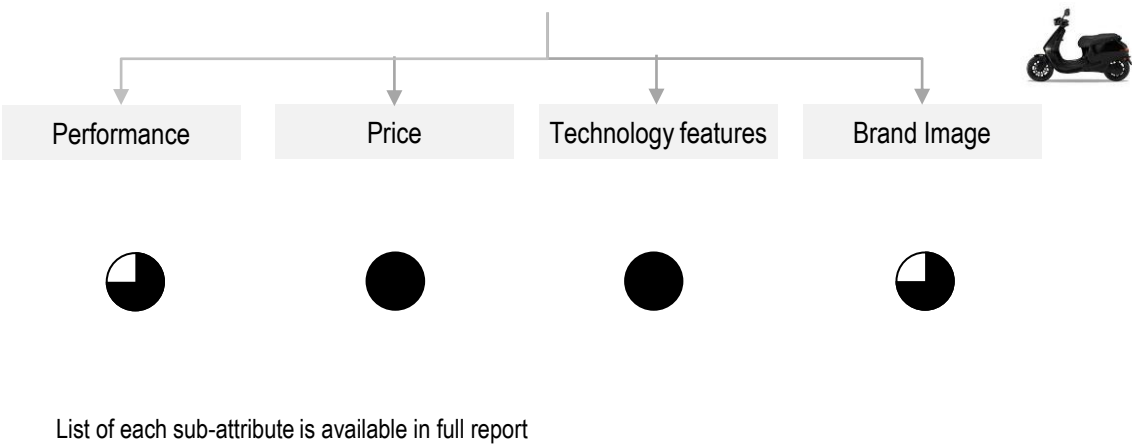


Source: ACG Analysis

Providing enhanced value through your product leads to increased sales and customer satisfaction

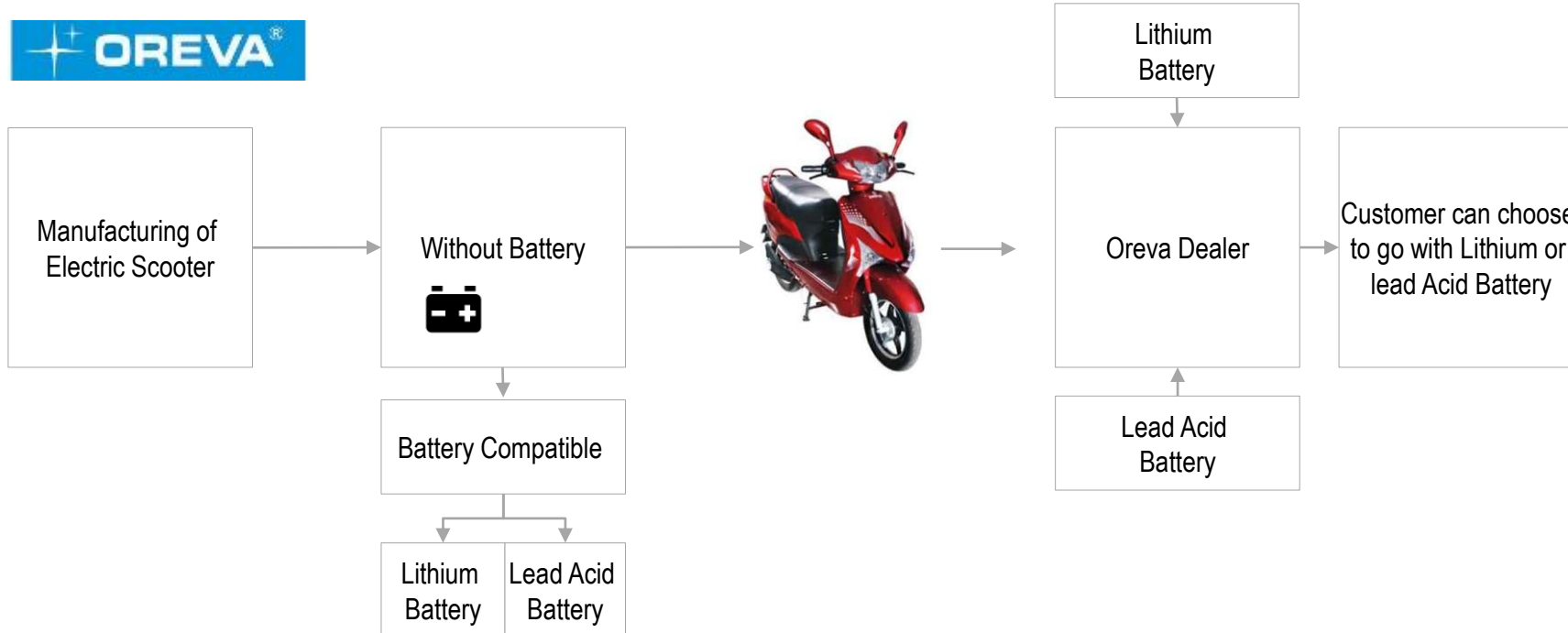


How Ola Articulate the Customer Value



Source: ACG Analysis, Primary customer survey
Sample size: 111

Oreva's business model is a win-win situation for both customers and the company



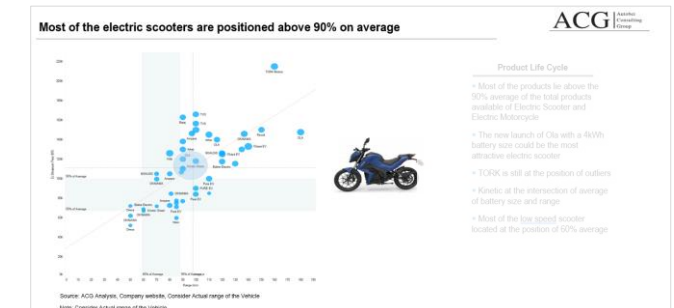
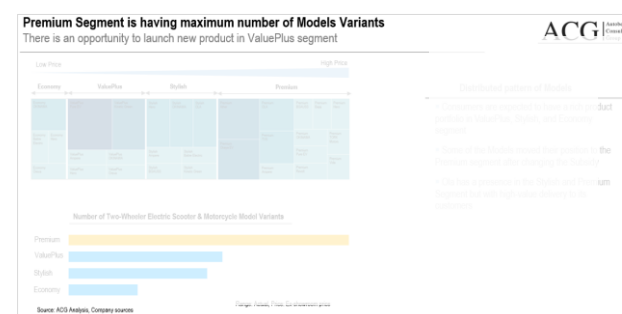
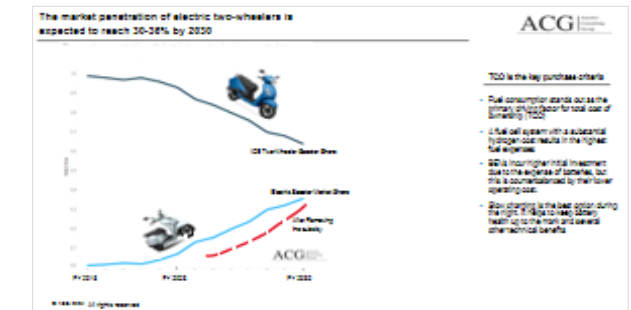
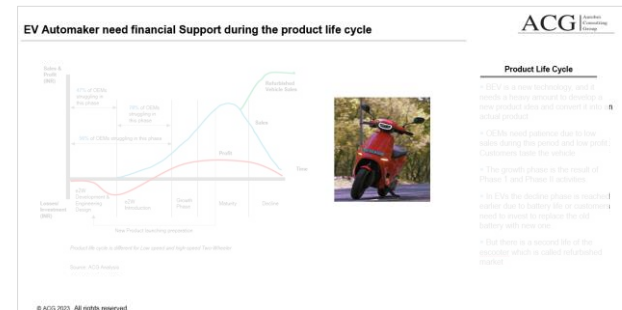
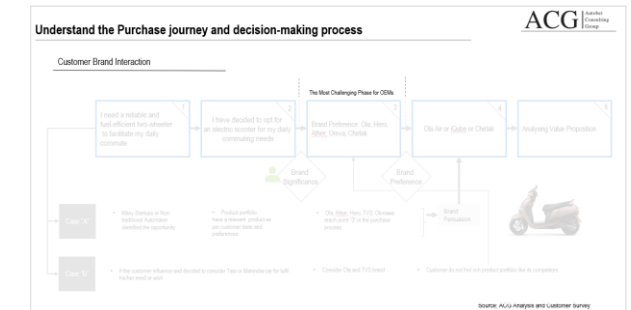
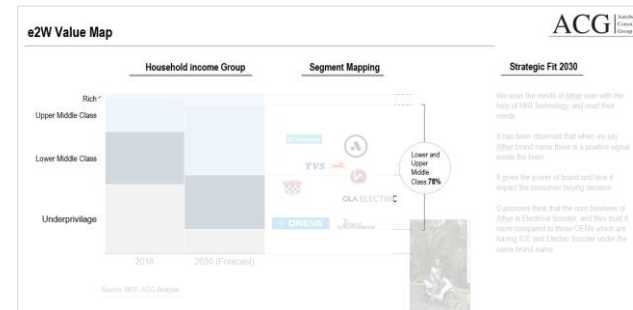
Source: ACG Analysis

Key Insights

- Oreva sets an example of understanding customer needs through a unique business model. Oreva manufactures Electric Scooters without batteries and actively involves dealers in the process.
- There is a win-win situation for Customers, Company and Dealers

Buy the full report to get insight of Indian Electric Two-Wheeler Market

- ✓ Number of Pages: **120**
- ✓ A subscription option is also available
- ✓ Flexible in adjusting the client's scope of work
- ✓ Format: PDF, Excel, and PowerPoint



Our Clients: OEMs, Consulting, Venture Capital, Auto Components Manufacturers, Service provider and Others



Author of the report and contact information :

Atul Singh Chandel is a Director of Electric Vehicle Technology and Market Trends Centre at ACG. He works with Automotive/Electric Vehicle clients and leads ACG's Center for eMobility Innovation center.

You may contact him by email at atul.sc@autobei.com



About Atul:

Atul Singh Chandel is a member of the Automotive practice and an expert in the firm's Electric Vehicle practice.

He has more than 18 years of Automotive Industry, Component Industry, and Consulting experience with a focus in the international automotive industry. He also has a strong hold on Data Analytics with advance software.

Atul has extensive experience advising Global car, Truck, Bus, Two-Wheeler, Three-Wheeler, Financial Institutes manufacturers as well as Automotive suppliers. He holds deep expertise in topics related to Market, Product Management, brand, technology strategies, EV architecture and Power Train strategies, and innovation.

Atul Completed an Electric Vehicle Engineering and Technology course from the IIT Madras. MBA from Heilbronn University – Germany, PGDCA from Heidelberg University Germany, and Bachelor's in Industrial Engineering., and advanced

Thank you

www.autobei.com

© 2023 ACG. All rights reserved.

No reproduction is permitted in whole or part without written permission of ACG.

Disclaimer: This content is for general information purposes only, and should not be used for professional consultation/advisor or making decisions about the investment. Nothing in this report is intended to serve as investment advice.