

Premium bike segment to sustain double-digit growth

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The premium motorcycle segment, encompassing bikes above 150cc, is expected to sustain its robust double-digit growth trajectory in the two-wheeler market over the next 2-3 years.

The momentum will be fuelled by a blend of factors, each contributing to the segment's rising prominence and allure among young buyers.

The premium bike segment continues to outpace overall market growth. During the April-August 2024 period, premium bike segment volumes grew to 1.24 million units, from 1.07 million units in the same period the previous year.

Meanwhile, the lower category (150cc and below) saw an increase to 3.87 million units during the first five months of this fiscal, compared to 3.46 million units a year ago, according to data from the Society of Indian Automobile Manufacturers (SIAM).

The Indian motorcycle market has traditionally been dominated by the entry-level segment, with mass-market bikes capturing a larger portion of the customer base.

A decade ago, the entry-level segment accounted for over 80 per cent of total volumes. However, there has been a gradual decline in the share of entry-level and executive motorcycles in overall domestic sales. Simultaneously, the premium segment has gained momentum. The share of premium motorcycles has been steadily increasing and the premium segment now accounts for 24 per cent of total motorcycle volumes.

While some consumers may have shifted from entry-level bikes to electric scooters, the primary cause for weak demand for entry-level motorcycles was the significant



increase in the cost of ownership. The rise was due to new regulations and inflationary pressures, which led to higher prices. "While weakening demand in the entry-level segment has contributed to this shift, the premium segment's absolute volumes hit an all-time high in FY24 and are expected to maintain strong growth moving forward," says Rohan Gupta, Vice-President and Sector Head, ICRA.

DRIVERS OF DEMAND

The premium motorcycle segment is expected to grow at a robust pace, with a double-digit compounded annual growth rate projected over 3-5 years, outpacing the overall motorcycle segment's expected CAGR of around 7-8 per cent. Gupta points out that several factors are driving this demand, including rising GDP per capita, increased urbanisation, a growing middle class and favourable demographics, particularly a higher youth population.

"Also, over 75 per cent of model launches OEMs have been in the premium segment, offering a wider range of options for buyers. OEMs are anticipated to continue focusing their investments on launching premium models to strengthen their market share and capitalize on this growing demand," he adds. Home-grown brands such as Royal Enfield, TVS Motor, Bajaj and Hero, and global players like Yamaha, Honda and others are targeting the middle-weight category, to attract a younger consumer base.