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At a time when the Indian automobile company has had to battle its worst crisis in a decade that has seen demand dwindle and sales tumble, Hero Honda has posted the best-ever performance in its 25-year history. The company, the world's largest two-wheeler maker for the past eight years on the trot, has posted a 12% sales growth to 33 lakh units in the first 11 months of this fiscal year, almost single handedly keeping its sector in positive sales territory despite rivals like Bajaj Auto and TVS Motors reporting negative sales.

How has Hero Honda managed this? What makes the company tick? The answer, according to the company's managing director Pawan Munjal, is simple: "We make products that customer wants and that is driving sales."

As an explanation, this may sound pedestrian, but it forms the core of the company's strategy. When rivals, including Bajaj Auto, decided to move up the value chain to focus on the more profitable 125-cc segment in motorcycles, Hero Honda decided to consolidate its position in what it did best. It kept on launching new bikes in the largest segment of the entire two-wheeler industry — the 100-cc category. As the economic slowdown forced customers to maintain their preference for the 100-cc economy segment instead of scaling up their purchasing dreams, Hero Honda's top-selling 100-cc bike Splendour was out there sporting a price tag cheaper than its rivals.

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