

M&M's market share for sub-2-ton LCV doubles

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MAHINDRA and Mahindra (M&M) has doubled its market share in the sub-2 tonne light commercial vehicles (LCV) segment during the July-September quarter compared to the quarter preceding it, mainly on the back of its latest offering Jeeto, which was launched in June.

Though M&M's latest offering has been success in the market, the light commercial vehicle volumes in the current fiscal have been on a continuous decline due to poor demand in the rural market and lack of financing options for prospective buyers.

After the launch of Jeeto, M&M's market share has more than doubled to 30% during the July-September period from just 12% during the April-June quarter.

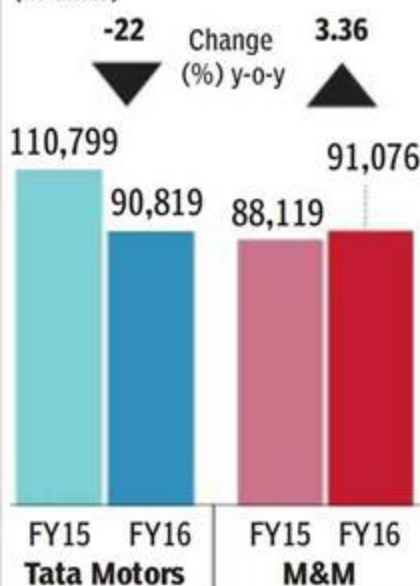
In order to consolidate its position M&M also launched the Supro in the same segment during the second quarter.

"In the under-2 tonne LCV segment, we have significantly increased our market share from 12% to 30%, this is because of the Jeeto launch that we had in June this year. We also continue to maintain high market share in the 2 tonne GVW to 3.5 tonne GVW, where we have market share with about 68% for the quarter," said Pawan Goenka, executive director and president, automotive and farm equipment sector, M&M in conversation with sector analysts.

According to industry experts, competitive pricing and good fuel efficiency helped Jeeto compete with

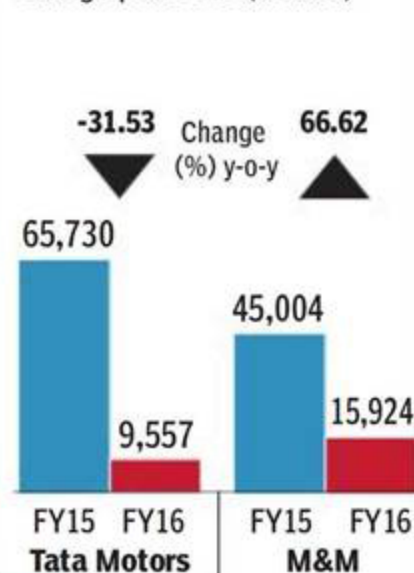
Volumes of LCVs

During April to Oct period (in units)



Volumes in the sub 2-ton LCV segment

During April to Oct (in units)



Tata Ace Zip in the segment. The product is available at a price range of Rs 2.32 lakh – to Rs 2.7 lakh.

Though M&M does not reveal product specific volumes, according to the data available with Siam, during the April to October, M&M's volumes in the sub 2 tonne segment has increased by 66.62% y-o-y to 15,924 vehicles. During the same period, Tata motors the market leader in the segment with Ace Zip saw volumes decrease by 31.53% y-o-y to 45,004 units.

The Mumbai based automobile manufacturer can manufacture 150,000 units of Jeeto at its Zaheerabad plant in Telangana.

"In this first half we have seen growth in LCV. I would expect now that to filter down to pickup first and then to small commercial vehicle that is a sub-1 tonne" added Goenka.

Jeeto scores over its peers as it is cheaper than its competitors, and adheres to the

BSIV emission norms while others products adhere to BSIII emission norms. In addition to that M&M is also targeting the e-commerce companies for additional volumes.

According to Punnet Gupta, Associate Director, IHS Automotive, due to the emergence of e-commerce companies the way goods are being distributed across the country is changing. There is a market shift from smaller sub 1 tonne vehicle to little bigger trucks. Also, two-wheelers are being increasingly used for last mile delivery. Thus the increasing demand for light commercial vehicles which is more than 1 tonne has helped Jeeto gain volumes.

During the April to October period, volumes in the small commercial vehicle segment decreased by 5.24% y-o-y to 211685 units when compared to 223383 units in the corresponding period in the current fiscal.