

Interview with President of Motorcycle & Engine Company

The Present Situation of the Motorcycle & Engine Business and its Development Going Forward



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How do you feel about the business environment and conditions of the Motorcycle & Engine Company?

The Motorcycle & Engine Company is doing business in the fields of motorcycles, four-wheel vehicles, personal watercrafts (PWC), and general-purpose engines.

The motorcycle market had been shrinking since the global financial crisis in 2008, or the so-called Lehman Shock, but is currently recovering gradually in Europe and Japan, shows signs of bottoming out in Thailand and Indonesia, and has been growing steadily

in the Philippines. We can say this market is enjoying strong growth. In 2017, we released the Z900RS, Ninja H2 SX, and other new models in succession, attracting a lot of attention from home and abroad, so we would like to take this opportunity to further increase sales.

As for four-wheel vehicles, the U.S. Side × Side market has more than doubled in the past ten years and is expected to see stable growth. As for general-purpose engines, with the growing housing market in the U.S., the mower market is enjoying very strong growth. Under such a situation, we expect that the four-wheel vehicles and general-purpose engines business will become a core revenue source.

At the same time, motorcycle manufacturers are now moving toward industry reorganization. Especially Indian and Chinese manufacturers are growing rapidly, and those manufacturers who lack competitiveness in research & development are forced out of the market or taken over. With increasingly strict emissions regulations and the advancement of electrification, autonomous driving, and driving assistance technologies, the motorcycle, four-wheel vehicle, PWC, and general-purpose engine markets are undergoing a once-in-a-century paradigm shift, and so, research and development are becoming more important than ever.

What is your future business strategy?

First, we will continue to work on the three reforms in the 2016 mid-term plan: demand chain reform, product competitiveness improvement reform, and supply chain reform. For the demand chain reform, we aim to establish a brand clearly distinct from competitors' brands with "A Class Apart" as the keyword. For the product competitiveness improvement reform, we aim to establish a framework for developing products ahead of competitors with "Fun to ride" and "Ease of riding" as the keywords. For the supply chain reform, we aim to enhance capital efficiency through efficient operation of the entire supply chain system.

As for motorcycles, we are paying close attention to the Indian market. In India, the motorcycle market is expected to grow with the active economy, so we established a new factory in July 2017, and in addition,

we are promoting local parts procurement and have established a local R&D base for active business expansion.

In the U.S. four-wheel vehicle market, we will continue to enhance our model lineup, including accessories. For general-purpose engines, we will strengthen the cooperation with the local R&D bases in the U.S. to increase the market share.

What's the brand strategy?

The Motorcycle & Engine Company is the only company among Kawasaki Heavy Industries, Ltd. that deals with B-to-C (business-to-customer) products, and I believe that the Motorcycle & Engine Company is leading the Kawasaki brand. Therefore, the Motorcycle & Engine Company is placing particular emphasis on enhancing brand value. With a good brand image, customers will think that Kawasaki products are worth the price. We are aiming to win the price competition with our Ninja and Z product brands.

Closing comments

The Motorcycle & Engine Company has a vision of continuing to grow mainly in the motorcycle, four-wheel vehicle, PWC, and other powersports markets as well as in the high value-added categories of the general-purpose engine market. These markets are undergoing radical changes. Amid such a situation, we would like to offer Kawasaki's unique, innovative products, clearly distinct from its competitors.