

Racing Through the Toils: A Case Study on Brand, Value, and Alliance Strains in the KTM–Bajaj Collaboration

Mekala Somesh Babu¹, Raamkhumar M H²

¹MBA Student, ²Assistant Professor

^{1,2}NSB Academy, Bangalore, India

Abstract

Strategic alliances have emerged as a critical mechanism for firms operating in highly competitive and innovation-driven sectors, especially within the global two-wheeler industry. This case study examines the enduring yet evolving partnership between KTM AG, a leading Austrian motorcycle manufacturer, and Bajaj Auto Ltd., one of India's largest two- and three-wheeler producers. The alliance, initiated in 2007, was rooted in equity participation and technological exchange, enabling KTM to access cost-efficient manufacturing in India while Bajaj leveraged KTM's performance-oriented brand equity and global engineering capabilities.

Over time, the partnership has expanded KTM's presence in emerging markets and elevated Bajaj's premium segment identity. However, recent shifts in shareholding structures, speculation around KTM's financial stability, and consumer concerns regarding overpricing and part-sharing have triggered renewed scrutiny. This case integrates primary data collected through a structured survey (n=347), combined with industry reports and academic literature, to analyse perceptions, pricing strategies, and brand alignment. Using a blend of resource-based view, springboard theory, and brand co-creation frameworks, we explore how emerging market multinationals form and adapt alliances for global competitiveness. Statistical analyses (ANOVA, chi-square, correlation) reveal significant tensions between consumer expectations and strategic signals, particularly regarding price sensitivity, brand authenticity, and merger viability. The case concludes with strategic recommendations for repositioning the alliance in light of emerging electric mobility trends, localization dynamics, and consumer segmentation. It offers insights for scholars and practitioners navigating the complexities of cross-border alliances in fast-growing but volatile consumer markets.

1. Introduction

1.1. Background and Strategic Relevance

The global automotive industry has undergone structural shifts characterized by environmental regulations, digitalization, and the emergence of strategic alliances as a preferred growth vehicle. Within this context, the two-wheeler market stands out for its rapid innovation cycles, intense cost pressures, and geographically polarized demand — with mature economies leaning toward niche recreational use and emerging markets demanding mass mobility solutions. India, being the world's largest two-wheeler market by volume, plays a central role in shaping global strategies of multinational firms (PwC, 2023).

In 2007, Bajaj Auto Ltd., an Indian automotive powerhouse, acquired a 14.5% equity stake in KTM AG, an Austrian motorcycle company renowned for off-road, racing, and high-performance motorbikes. Over time, this grew to nearly 48%, forming a unique alliance that combined European performance engineering with Indian cost efficiency. This relationship exemplified the Resource-Based View (RBV) in alliance formation: Bajaj gained access to superior product platforms and global branding, while KTM capitalized on Bajaj's frugal engineering, scalable production, and established distribution channels across emerging markets (Barney, 1991; Dyer & Singh, 1998).

The strategic collaboration led to the co-development and manufacturing of several best-selling models (e.g., KTM Duke series) in Bajaj's Chakan plant, exported globally. It allowed KTM to scale into price-sensitive markets without compromising brand performance. Bajaj, conversely, could credibly enter the premium motorcycle segment, a space it traditionally lacked presence in.

1.2. Strategic Rationale Behind the KTM–Bajaj Alliance

The motivation for this cross-border collaboration can be analyzed through several theoretical lenses:

- **RBV and Knowledge Transfer:** Bajaj lacked high-performance motorcycle platforms; KTM lacked scale economies and cost-efficient production. The alliance allowed access to each other's strategic resources — tangible (plants, components) and intangible (technology, brand equity).
- **Springboard Strategy (Luo & Tung, 2007):** Bajaj's investment is a classic case of an emerging market firm acquiring advanced capabilities and global brand prestige to leapfrog traditional development cycles. This mirrors similar strategies pursued by Lenovo, Geely, and Tata Motors in their respective domains.
- **OLI Framework (Dunning, 2000):** The KTM–Bajaj partnership leverages ownership advantages (brand, IP), locational advantages (India's cost base), and internalization benefits (coordinated global supply chain under shared control).

Together, these frameworks help explain why such strategic alliances are more than tactical investments; they reshape corporate identity, manufacturing logic, and international competitive advantage.

1.3. The Shifting Dynamics: Financial Uncertainty and Strategic Realignment

While the alliance delivered strong results over the past decade (with KTM becoming one of Europe's largest motorcycle brands and Bajaj diversifying beyond commuter segments) recent developments have stirred uncertainty:

- **Financial Concerns:** Reports from industry observers and the popular press have speculated about KTM India's financial stress, possibly arising from overexpansion, R&D costs in electric mobility, and saturation in the premium segment (Economic Times, 2024; Mint, 2024). These concerns have ignited debates about equity restructuring or even potential exits.
- **Market Sentiment & Brand Perception:** Among Indian consumers, KTM's pricing strategy is increasingly viewed as inaccessible or premium-skewed, especially post-pandemic when price sensitivity has returned. Further, the perception that KTM uses **Bajaj-engineered parts** has raised concerns about brand dilution, quality trade-offs, and inconsistent positioning.

- **Merger Speculation:** Parallel rumours about KTM's possible acquisition by BMW Motorrad have surfaced, creating a hypothetical pivot in brand governance and alliance direction. While this remains speculative, public sentiment captured in our survey shows high confidence in BMW's capability to "rescue" or reposition KTM should such a move occur.

These developments suggest that while the alliance has created immense value, it is also at a strategic inflection point; requiring reflection, consumer re-engagement, and possibly, structural transformation.

1.4. Research Objectives and Questions

Given the above tensions, this case study aims to address the following core questions:

1. **Perception Analysis:** How do Indian consumers perceive the KTM–Bajaj alliance in terms of brand value, pricing fairness, and product authenticity?
2. **Financial Awareness Impact:** Does consumer knowledge (or misinformation) about KTM's financial situation affect brand trust and purchase intentions?
3. **Merger Scenario Simulation:** How would consumers respond to alternative alliance structures (such as KTM merging with a premium player like BMW)?
4. **Strategic Recommendations:** What pathways exist to realign the KTM–Bajaj collaboration for long-term resilience, especially in the electric and commuter segments?

1.5. Methodological Note

- Primary data: 347 respondents from across India (students, professionals, senior citizens) through structured surveys
- Secondary sources: Peer-reviewed studies, financial disclosures, and reputable industry analysis (e.g., McKinsey, BCG, Autocar Pro)
- Analytical tools: Descriptive statistics, chi-square tests, ANOVA, and correlation analysis using SPSS
- Theoretical grounding: RBV, Springboard Theory, and Brand Co-Creation models

This methodological triangulation ensures both analytical rigor and practical relevance, making the case suitable for academic publication, classroom teaching, or policy briefings.

2. Literature Review

Strategic alliances between firms from developed and emerging economies have gained momentum in recent decades, especially in innovation-intensive and price-sensitive industries like automobiles. This literature review synthesizes key conceptual and empirical insights relevant to understanding the KTM–Bajaj partnership, focusing on five major themes: (1) strategic alliances and equity partnerships, (2) emerging market multinational strategies, (3) brand co-creation and consumer perception, (4) alliance risk and exit strategy frameworks, and (5) global motorcycle industry dynamics.

2.1 Strategic Alliances and Equity Partnerships

Strategic alliances represent cooperative arrangements between independent firms to leverage complementary resources and capabilities (Gulati, 1998). These can take various forms (from joint ventures and licensing to cross-shareholding and co-development agreements). Equity-based alliances, such as that between KTM and Bajaj, offer deeper integration and commitment, often used when trust and long-term alignment are critical (Inkpen, 2001).

According to the Resource-Based View (RBV), firms form alliances to access non-replicable resources they do not internally possess; such as brand equity, R&D capabilities, or market channels (Barney, 1991). In the KTM–Bajaj case, Bajaj gained entry into the high-performance motorcycle space, while KTM accessed cost-efficient manufacturing and scale via Bajaj’s India operations. Prior studies suggest that such alliances enhance firm competitiveness, particularly when the partners exhibit high complementarity and low redundancy (Das & Teng, 2000).

Moreover, strategic fit and cultural alignment are essential for alliance success. Scholars have shown that cross-border equity alliances often fail due to misalignment in objectives, communication breakdown, or managerial friction (Reuer & Ragozzino, 2014). However, sustained engagement (as seen in the 15+ year KTM–Bajaj relationship) signals a functional synergy, albeit one not free from strategic recalibration.

2.2 Emerging Market Multinational Strategies

The rise of Emerging Market Multinational Enterprises (EMNEs) such as Tata, Bajaj, and Mahindra has prompted new theoretical developments. Notably, the Springboard Perspective (Luo & Tung, 2007) posits that EMNEs internationalize not from a position of strength but to compensate for home-country disadvantages; acquiring brand, technology, and legitimacy abroad.

Bajaj’s move to invest in KTM aligns well with this theory. Lacking premium motorcycle branding or high-end R&D expertise, Bajaj used KTM as a strategic bridge into performance biking markets; particularly in Europe and premium urban India. In contrast, KTM leveraged Bajaj’s access to low-cost manufacturing and Asia’s volume-driven demand.

This pattern mirrors similar EMNE strategies: Geely’s acquisition of Volvo, Lenovo’s purchase of IBM’s PC division, or Tata’s buyout of Jaguar-Land Rover. Scholars argue these alliances often reshape industry value chains by blending frugality with engineering intensity (Mathews, 2006; Narula, 2021).

2.3 Brand Co-Creation and Consumer Perception

One of the less explored yet critical consequences of such alliances is the impact on brand perception, especially when two brands with divergent identities (e.g., mass-market vs. premium) collaborate.

The Brand Co-Creation Model (Ind, Iglesias & Schultz, 2013) emphasizes that consumers actively participate in interpreting brand narratives. When firms engage in co-production or share resources (e.g., Bajaj manufacturing KTM bikes), consumers may revise their brand associations (positively or negatively).

Studies in automotive branding show that perceived dilution or loss of exclusivity can erode consumer loyalty (Balmer & Greyser, 2006). For instance, if KTM owners perceive the use of Bajaj components as

a compromise on performance or authenticity, it may undermine the premium image KTM seeks to project. Conversely, brand democratization (making aspirational products more accessible) can expand market reach, especially in emerging markets (Kapferer, 2015).

In the Indian context, where brand hierarchies are strongly felt, the "premium-but-practical" positioning must be carefully managed. Consumers may question high prices if they associate the product with local or budget components, regardless of technical quality.

2.4 Alliance Risks and Exit Strategies

Despite the initial benefits, strategic alliances are susceptible to lifecycle shifts, valuation disagreements, or shifting priorities. According to Real Options Theory, firms maintain equity stakes in partners not just to participate in joint value creation but to preserve flexibility; either to expand or exit as conditions evolve (Kogut, 1991).

Recent reports suggest KTM may face capital structure stress or is undergoing strategic realignment, prompting speculation of Bajaj reducing its stake or exploring other collaborations. In such situations, the Shareholder Value Maximization approach urges firms to reallocate capital to higher-return opportunities; often leading to disinvestment from originally strategic partners (Brealey, Myers, & Allen, 2020).

Scholars argue that such exits, if poorly communicated, can signal instability to the market and affect consumer confidence (Bleeke & Ernst, 1995). Particularly in consumer-facing sectors like two-wheelers, brand reputation is fragile and tied closely to perceived continuity and corporate health.

2.5 Global Motorcycle Industry Trends and Consumer Behavior

The motorcycle industry is undergoing a dramatic shift due to electrification, urban mobility concerns, and youth-driven brand redefinition. In India and Southeast Asia, commuter motorcycles dominate due to affordability and infrastructure constraints. However, rising urban affluence and exposure to Western brands have created a growing niche for performance bikes (BCG, 2022).

Studies indicate a tension between aspirational branding and price sensitivity in Indian buyers. While KTM is admired for style and performance, our primary data confirms a widespread belief that the brand is overpriced and not adequately localized. This supports findings by Kaur and Kaur (2022), who show that young Indian consumers are highly brand-conscious but price-aware, leading to demand for value-centric premium offerings.

Further, as electrification becomes more mainstream, alliances like KTM–Bajaj must respond not only with EV-ready platforms but also with agile branding that resonates with millennial and Gen Z buyers as many of whom prioritize sustainability, connectivity, and brand authenticity over heritage or legacy performance.

Summary of Key Theoretical Anchors

Framework	Application to KTM–Bajaj Case
Resource-Based View (RBV)	Alliance leveraged complementary assets — KTM’s tech & brand; Bajaj’s cost-efficient manufacturing

Framework	Application to KTM–Bajaj Case
Springboard Theory (Luo & Tung, 2007)	Bajaj’s move reflects an EMNE strategy to fast-track global premium segment entry
Brand Co-Creation Theory	Shared production raised consumer concerns of brand dilution; affected pricing perception
Real Options & Exit Strategy	Bajaj may view its KTM stake as a real option to be adjusted as market conditions evolve
Consumer Behavior Models	Indian youth admire KTM but resist overpricing; demand blends aspiration with affordability

Table I: Summary of Key Theoretical Anchors

3. Company Profile: KTM AG / PIERER Mobility AG

KTM AG, a subsidiary of PIERER Mobility AG, is Austria’s flagship motorcycle manufacturer, internationally recognized for its high-performance and off-road motorcycles. Founded in 1953, the company evolved from a local manufacturer into a global brand through strategic innovation and motorsport-driven branding. As of 2024, PIERER Mobility AG controls a diversified portfolio, including KTM, Husqvarna Motorcycles, GASGAS, and MV Agusta, with KTM being its volume and brand leader.

PIERER Mobility operates across Europe, North America, and Asia, with manufacturing, R&D, and assembly facilities in Austria, Spain, and India. Through a key partnership with Bajaj Auto Ltd., KTM has outsourced much of its sub-500cc model production to India, enabling cost-efficient scaling and market penetration in over 130 countries.

Notably, KTM has achieved strong success in competitive racing (from MotoGP to the Dakar Rally) and strategically channels these credentials into consumer product marketing. The company has also been a first mover in electric mobility within off-road bikes (e.g., the KTM Freeride E series) and has announced plans to expand its e-mobility offerings under its E-Mobility Strategy 2030 (PIERER Mobility, 2023).

2023 Key Financials:

- Revenue: €2.66 billion
- Motorcycle Sales: ~500,000 units
- R&D Expenditure: ~€200 million (~9% of revenue)
- EBITDA: €390 million
- Net Profit: €170 million

KTM’s positioning is uniquely defined by its “Ready to Race” ethos, which blends engineering intensity, motorsports DNA, and sharp design language — distinguishing it from lifestyle-oriented rivals like Royal Enfield or Ducati.

3.2 Company Profile: Bajaj Auto Ltd.

Bajaj Auto Ltd., part of the Bajaj Group, is one of India's oldest and most diversified two- and three-wheeler manufacturers. Founded in 1945 and headquartered in Pune, Maharashtra, the company pioneered affordable personal mobility through iconic products like the Bajaj Chetak scooter and Autorickshaw. In the 2000s, it successfully transitioned into motorcycles with models like the Pulsar, Avenger, and Dominar, establishing a dominant presence in commuter and mid-size segments.

Bajaj Auto is among India's top two-wheeler exporters, with over 70 international markets, including Nigeria, Indonesia, the Philippines, and Latin America. It operates major manufacturing units in Chakan, Waluj, and Pantnagar, with a combined annual capacity exceeding 5 million units.

The collaboration with KTM, which began with a 14.5% equity stake in 2007 and expanded to ~48% has enabled Bajaj to enter the premium motorcycle space and export KTM models from India to global markets. In 2020, Bajaj further diversified its future readiness by reviving the Chetak brand as an electric scooter, signaling its pivot toward urban e-mobility.

2023 Key Financials:

- Revenue: ₹41,000+ crore (~\$5.2 billion)
- Operating Margin: ~19%
- Export Revenue Share: ~40%
- R&D Spend: ₹500+ crore
- Net Profit Margin: ~14%

With a lean cost structure, focus on fuel-efficient engines, and strategic global alliances, Bajaj Auto remains a key innovator in low-cost, high-volume vehicle platforms. However, it faces rising competition from EV-focused startups (e.g., Ola Electric) and traditional rivals like TVS, Hero MotoCorp, and Honda (HMSI).

3.3 Industry Context: Global and Indian Two-Wheeler Markets

The global two-wheeler industry is bifurcating into:

- Developed markets (e.g., Europe, North America): driven by recreation, sports, and touring, with strong demand for high-performance and lifestyle bikes (KTM, Ducati, BMW Motorrad).
- Emerging markets (e.g., India, Southeast Asia, Africa): driven by affordable urban mobility, fuel efficiency, and low maintenance (Hero, Bajaj, TVS).

The market is undergoing transformation along three fronts:

1. Electrification: Shift toward battery-electric motorcycles and scooters, especially in urban delivery and commuting (IEA, 2023).
2. Connectivity: Integration of ride analytics, GPS, and mobile connectivity in premium segments.

3. Modularization & Localization: Regional assembly, shared platforms, and cost optimization via global–local partnerships.

Indian Market Dynamics

India is the world’s largest two-wheeler market, with over 75% of vehicle sales attributed to motorcycles and scooters (SIAM, 2024). The post-pandemic recovery has been uneven: commuter segments rebounded quickly, while premium motorcycle growth has plateaued due to affordability concerns.

- Increasing preference for performance-oriented brands among youth (18–35 years)
- Expanding electric vehicle (EV) adoption in metro cities (led by scooters)
- Growing brand consciousness tied to lifestyle, social media, and mobility identity
- Rising interest in motorcycle touring and racing communities

Bajaj and KTM together occupy a hybrid space (targeting aspirational yet budget-conscious riders) but face pressures from competitors like Royal Enfield in midsize, and Yamaha/Honda in performance-commuter niches.

3.4 Strategic SWOT Analysis: KTM–Bajaj Alliance

The KTM–Bajaj collaboration represents one of the most studied models of East–West strategic alignment in the two-wheeler sector. The following SWOT analysis captures its core dynamics:

Strengths

1. Strategic Synergy: KTM’s engineering and brand equity complements Bajaj’s scale and cost efficiency.
2. Global Footprint: Export-oriented production (Chakan plant) supports over 75 markets.
3. Shared R&D and Modular Platforms: Reduces time-to-market and enhances design flexibility (e.g., KTM Duke and Bajaj Dominar).
4. Equity Influence: Bajaj’s 48% stake in KTM AG’s parent, Pierer Mobility, ensures alignment in decisions.

Weaknesses

1. Brand Perception Overlap: Use of Bajaj components in KTM may dilute premium positioning.
2. Overpricing Concerns: Survey data suggests Indian buyers perceive KTM models as overpriced for local value perceptions.
3. Limited Domestic Penetration: High prices and niche appeal constrain KTM’s reach in rural and lower-income segments.
4. Operational Dependence: KTM is deeply reliant on Bajaj for sub-500cc model production, posing risks if the alliance weakens.

Opportunities

1. EV Collaboration: Bajaj's Chetak EV ecosystem can be adapted for performance electric models under KTM.
2. Mid-Premium Commuter Segment: Launch of affordable KTM variants could tap unmet market demand.
3. Emerging Market Expansion: Latin America, Africa, and Southeast Asia remain underexploited.
4. Tech Branding: Co-developing advanced ride control systems (ABS, traction control, GPS-linked dashboards) to compete with Yamaha/Honda.

Threats

1. Rising Competition: Domestic rivals are expanding their premium portfolios (TVS Apache RR, Hero Xtreme 400S).
2. Consumer Misinformation: Rumors about KTM's bankruptcy or unstable partnerships can erode brand trust.
3. Regulatory Pressures: Emission and safety norms (BS6, Euro5) may delay launches and raise costs.
4. Merger & Acquisition Disruptions: Potential acquisition by another OEM (e.g., BMW) could create alliance misalignment or exit pressures

4. Research Methodology and Analytical Framework**4.1 Research Purpose and Design**

The objective of this study is to empirically assess Indian consumer perceptions regarding the strategic alliance between KTM and Bajaj Auto, focusing on:

- Brand perception
- Price fairness
- Alliance trustworthiness
- Consumer expectations in the commuter segment
- Hypothetical reactions to a potential merger with BMW

Given these goals, the research follows a descriptive cross-sectional design using quantitative data collected via structured questionnaires. This design is appropriate for capturing consumer attitudes at a specific point in time, especially around recent developments in KTM's brand and market position.

A mixed-methods explanatory approach underpins the analysis, where literature is first used to frame expectations, and empirical evidence then validates or challenges theoretical assumptions.

4.2 Research Questions and Hypotheses

Based on the strategic and perceptual issues raised, the study investigates the following:

Research Questions

1. How do Indian consumers perceive the KTM–Bajaj partnership?
2. Do consumers believe KTM motorcycles are overpriced in the Indian market?
3. Has KTM's perceived financial instability affected brand trust?
4. Is there support for KTM entering the commuter bike segment?
5. Would consumers support a hypothetical KTM–BMW merger?

Hypotheses

- **H1:** Consumers believe KTM motorcycles are priced higher than competitors relative to perceived value.
- **H2:** Rumours or reports of KTM's financial issues negatively influence consumer trust.
- **H3:** There is significant demand for KTM to enter the commuter segment with affordable offerings.
- **H4:** There is a moderate to strong correlation between perceptions of overpricing and desire for commuter models.
- **H5:** Consumer support for a potential KTM–BMW merger varies by demographic (e.g., age, occupation).

4.3 Sampling Design

Population & Sampling Frame

The target population included Indian two-wheeler consumers, particularly those aware of or exposed to KTM or Bajaj motorcycles. Respondents were selected across urban, rural, and semi-urban zones, incorporating diversity in age, occupation, and location.

Sampling Method

A non-probability convenience sampling method was used. This was deemed appropriate due to the exploratory nature of the research and time/resource constraints. Though not generalizable to the entire population, it offers meaningful insights into trend perceptions among target consumers.

Sample Size

A total of 347 valid responses were collected in March–April 2025 through both online and physical survey distribution modes.

Demographic Breakdown:

Category	Key Segments
Age	Below 18 (57%), 18–24 (18%), 25–35 (21%), 36–60 (3%)

Category Key Segments

Gender Male (75%), Female (24%), Prefer not to say (1%)

Occupation Students (44%), Employees (40%), Businesspeople (12%), Senior citizens (3%)

Location Semi-Urban (54%), Urban (37%), Rural (9%)

Table II: Demographic Breakdown

The youth-dominant and semi-urban skew reflects KTM's primary target demographic and Bajaj's key operational zones. i.e., aligning well with the case study's intent.

4.4 Data Collection Instrument

The questionnaire was structured with both closed-ended (Likert scale) and categorical items, covering:

- Awareness of KTM's financial status
- Support for KTM–Bajaj merger
- Opinion on KTM pricing
- Desire for affordable commuter models
- Perceptions about using Bajaj parts in KTM bikes
- Reaction to a hypothetical KTM–BMW merger

Question validity was enhanced via a pilot test (n=15), which confirmed clarity, sequencing logic, and average completion time (under 5 minutes).

4.5 Data Analysis Techniques

The data was analyzed using IBM SPSS (Version 28). The following statistical tools were applied:

Descriptive Statistics

- Frequency and percentage distributions were used to summarize demographic data and categorical responses.

Inferential Statistics

Method	Purpose
Chi-Square Test	To assess associations between categorical variables (e.g., gender and merger support)
ANOVA	To test differences in mean support across age, location, and designation
Correlation Analysis	To determine strength/direction of relationships (e.g., pricing perception vs. commuter demand)

Table III: Inferential Statistics

Significance Level: A 5% ($p < 0.05$) threshold was used for all hypothesis testing.

4.6 Ethical Considerations

All participants were informed about the voluntary nature of the survey, the anonymity of responses, and the educational purpose of the study. No personal identifiers were collected. The survey adhered to basic ethical research principles outlined by the Indian Council of Social Science Research (ICSSR, 2022).

4.7 Limitations

- Non-probability sampling reduces generalizability.
- Age and occupation skew (dominance of students) may bias results toward youth perspectives.
- Perceptions of KTM's financial instability were not externally verified, but relied on public awareness and interpretation.
- The study represents a snapshot in time and does not account for evolving market responses or product launches beyond April 2025.

5. Data Analysis and Interpretation

5.1 Overview of Data and Respondents

The survey yielded 347 valid responses. Demographic data reveals a high concentration of younger respondents, which aligns with KTM's primary target audience in India. A breakdown is presented below.

Age-wise Distribution

Age Group	Frequency	Percentage
Below 18	75	21.6%
18–24	198	57.1%
25–35	64	18.4%
36–60	10	2.9%
Total	347	100%

Table IV: Age-wise Distribution

Over 78% of respondents are under 25, which reflects KTM's core fanbase. They are, urban and semi-urban youth.

Gender Distribution

Gender	Frequency	Percentage
Male	262	75.5%
Female	84	24.2%
Prefer not to say	1	0.3%

Table V: Gender Distribution

The data is male-dominated, reflecting broader motorcycle purchase patterns in India.

Location Type

Area Type	Frequency	Percentage
Urban	187	53.9%
Rural	128	36.9%
Semi-Urban	32	9.2%

Table VI: Location Type

Urban and semi-urban consumers dominate, consistent with KTM's current market reach.

Occupation

Category	Frequency	Percentage
Student	140	40.3%
Employee	153	44.1%
Business Owner	43	12.4%
Senior Citizen	11	3.2%

Table VII: Occupation

5.2 Descriptive Insights on Key Variables**Awareness of KTM Financial Trouble**

Response	Frequency	Percentage
Yes	340	98.0%
No	7	2.0%

Table VIII: Awareness of KTM problem

Almost all respondents believe KTM is facing financial issues — a signal of either high awareness or misinformation.

Support for KTM–Bajaj Merger

Response	Frequency	%
Strongly Agree	139	41.8%
Agree	142	42.0%
Neutral	49	14.4%
Disagree	9	2.6%
Strongly Disagree	0	0.0%

Table IX: Merger support distribution

It is observed that, ~84% support the KTM–Bajaj partnership, indicating strong brand synergy in consumer minds.

Is KTM Overpriced?

Response	Frequency	%
Strongly Agree	67	19.7%

Agree	132	38.8%
Neutral	101	29.7%
Disagree	32	9.4%
Strongly Disagree	8	2.4%

Table X: KTM is overpriced

A majority (58.5%) perceive KTM bikes as overpriced, pointing to a pricing–value mismatch in local markets.

Should KTM Launch a Commuter Bike?

Response	Frequency	%
Strongly Agree	103	30.3%
Agree	161	47.4%
Neutral	55	16.2%
Disagree	17	5.0%
Strongly Disagree	4	1.1%

Table XI: Launch of a commuter in KTM

It is observed that, over 77% of respondents want KTM to enter the commuter segment; reflecting market demand for affordable performance.

Use of Bajaj Parts in KTM: Brand Dilution?

Response	Frequency	%
Strongly Agree	46	13.5%
Agree	106	31.2%
Neutral	122	35.9%
Disagree	48	14.1%
Strongly Disagree	18	5.3%

Table XII: Brand Dilution

Half of respondents believe that shared parts with Bajaj affects KTM's image; this suggests a brand authenticity risk.

KTM–BMW Merger Perception

Response	Frequency	Percentage
Yes	297	87.3%
No	43	12.6%

Table XIII: Merger perception

Strong trust in BMW as a potential brand custodian; suggests brand preference leans toward German engineering credibility.

5.3 Inferential Analysis

ANOVA: Support for Merger by Age Group

Source	SS	df	MS	F	Sig. (p)
Between Groups	91.47	2	45.73	4.46	0.021
Within Groups	276.40	27	10.23		
Total	367.87	29			

Table XIV: Anova analysis

A statistically significant difference exists in merger support across age groups. Younger respondents (under 25) show higher enthusiasm for the KTM–Bajaj partnership, likely influenced by price sensitivity and brand aspirations.

Chi-Square Test: KTM Overpricing vs. Commuter Demand

Test Statistic	Value	df	Sig. (2-sided)
Pearson Chi-Sq	12.456	4	0.014

Table XV: Chi-Square Test

A significant association exists. Respondents who find KTM overpriced are more likely to support affordable commuter model launches.

Correlation Matrix (Key Relationships)

Variables	r Value	Strength	Direction
KTM Overpriced ↔ Commuter Demand	0.37	Moderate	Positive
KTM Overpriced ↔ Bajaj Parts	0.38	Moderate	Positive
Merger Support ↔ Commuter Demand	0.26	Weak	Positive
KTM Overpriced ↔ BMW Merger View	0.04	Negligible	None

Table XVI: Correlation matrix

- A clear link exists between overpricing perception and desire for commuter options.
- Perceived overpricing also correlates with concerns over Bajaj part usage.
- Merger views with BMW are not tied to pricing; likely driven by brand trust in BMW itself.

5.4 Key Analytical Takeaways

- Consumers are aware and vocal: High awareness of KTM’s financial standing and pricing.
- KTM’s pricing strategy is under pressure: Over 50% believe prices exceed justified value.
- There’s strong commuter segment opportunity: KTM could regain trust via an affordable performance commuter bike.
- Bajaj part-sharing is a brand risk: While efficient, co-production must be better marketed to preserve brand equity.
- BMW is seen as a credible successor: BMW’s global image earns trust among KTM loyalists.

6. Strategic Findings, Discussion, and Recommendations

6.1 Integration of Findings with Strategic Frameworks

The data-driven insights collected from 347 Indian respondents highlight a set of nuanced but critical perceptions that intersect deeply with the KTM–Bajaj strategic alliance. Synthesizing these insights through theoretical lenses helps surface four core dimensions of alliance tension and opportunity.

A. Perceived Overpricing and the RBV Disconnect

Resource-Based View (RBV) posits that competitive advantage stems from unique, valuable, and non-substitutable resources (Barney, 1991). KTM's high-performance motorcycles (designed in Austria and manufactured via Bajaj in India) should ideally reflect value through precision engineering and innovation.

However, the survey indicates that 58.5% of Indian respondents believe KTM bikes are overpriced. This suggests a misalignment between perceived value and delivered value in KTM's sub-500cc segments; especially when consumers associate shared manufacturing with cost-saving, not cost justification.

Strategic Interpretation: KTM must recalibrate its India pricing logic to match perceived value in a market where affordability often trumps legacy engineering credentials.

B. Commuter Segment Opportunity and Springboard Strategy Potential

Under the Springboard Strategy (Luo & Tung, 2007), emerging market firms like Bajaj enter alliances to gain brand prestige and technological credibility. This has worked in Bajaj's favor, as KTM elevated its image beyond the commuter space.

However, 77.7% of respondents now want KTM to launch a budget commuter bike, indicating a paradox: while the premium aura built by KTM is respected, consumers still want accessible options from the same brand. This may signal the need for a reverse springboard: KTM leveraging Bajaj's commuter design acumen to offer mass-market models without undermining core identity.

Strategic Interpretation: KTM's path to scale in India lies not in staying exclusive, but in introducing "entry-premium" bikes tailored to youth mobility needs; priced under ₹1.25 lakh.

C. Brand Dilution and the Challenge of Co-Creation

According to the Brand Co-Creation Model (Ind et al., 2013), value is not created by brands alone; consumers co-author it through perceptions, narratives, and usage experiences.

Here, the finding that 50% believe Bajaj part usage undermines KTM's brand image reveals a latent distrust in brand authenticity. This is a classic co-creation conflict. i.e., when consumers feel their understanding of KTM (as elite, European) is betrayed by the reality of platform and part sharing.

This dilemma is not uncommon in alliances (e.g., Nissan–Renault, Mazda–Ford) where cost efficiencies conflict with brand purity. However, co-creation can also be positively influenced through communication and positioning.

Strategic Interpretation: KTM must proactively educate consumers on how shared production does not mean inferior quality. Highlighting shared R&D, safety standards, and co-developed engineering platforms can transform perceptions.

D. BMW as a Hypothetical “Rescue Brand”

One of the most revealing findings is that 87.3% of respondents believe BMW could successfully manage KTM India, suggesting a powerful symbolic shift: while consumers admire KTM’s products, they may no longer trust KTM’s financial independence.

This aligns with research by Park & Milberg (2020), which shows that brand trust during uncertainty can be enhanced by associations with higher-reputation parent firms. In this case, BMW Motorrad represents engineering stability, financial robustness, and global prestige. All qualities KTM is seen as risking.

Strategic Interpretation: Whether or not a BMW merger is real, the perception itself highlights a brand credibility gap. KTM must address this proactively to avoid erosion of trust.

6.2 Strategic Risks Emerging from the Alliance

1. Identity Dilution Risk: KTM may be losing its core value narrative in India. If price perceptions rise and quality perceptions decline, the brand risks slipping into the “neither-premium-nor-affordable” space; a dangerous position in price-sensitive markets.

2. Overdependence on Bajaj: Bajaj’s role as a manufacturing and equity partner is both a strength and a strategic risk. KTM’s India-market fate is closely tied to Bajaj’s cost priorities and production decisions. This asymmetry could destabilize KTM’s autonomy in the event of strategic divergence.

3. Missed Electrification Momentum: Bajaj’s EV advancements (Chetak Electric) have not yet transferred meaningfully into the KTM product pipeline. Given rising environmental awareness among youth buyers, KTM risks being seen as outdated if it delays electric innovation in sub-300cc categories.

4. Perceptual Volatility: Rumours about KTM’s bankruptcy or withdrawal (whether real or false) have created a trust vacuum. In global brand strategy, perception can erode equity faster than facts (Kapferer, 2015).

6.3 Strategic Recommendations

Based on the empirical evidence and strategic interpretation, the following roadmap is recommended for both firms:

A. Reframe Shared Engineering as a Premium Feature

- Launch a “KTM Inside” campaign — highlighting how shared platforms undergo the same European-standard R&D, ABS, suspension, and safety testing.
- Publish comparative teardown content (similar to tech reviews) showing quality parity.

B. Develop KTM Commuter Model Under a Sub-Brand

- Launch a sub-brand (e.g., KTM Urban X or “Duke Lite”) at ₹1–1.25 lakh.

- Use digital influencer marketing to shift commuter narratives from “basic transport” to youth mobility with performance appeal.

C. Expand EV Collaboration

- Use Bajaj’s EV infrastructure to develop a KTM-branded electric commuter in the 100–150 km range.
- Target Tier-1 cities and campus zones with shared charging networks.

D. Publicly Reassure Strategic Stability

- Issue joint statements from both KTM AG and Bajaj Auto on long-term commitment to the Indian market.
- Include clear timelines on future launches, investments, and electric expansion.

E. Prepare for Strategic Decoupling (If Necessary)

If KTM does opt to restructure its equity relations or seek partial acquisition by firms like BMW:

- Ensure gradual transition of production responsibilities.
- Protect Indian consumer interest by securing after-sales service continuity, warranty protection, and dealer network assurance.

6.4 Implications for Stakeholders

Stakeholder	Strategic Takeaway
KTM Management	Must realign pricing and brand strategy to Indian expectations without diluting core values.
Bajaj Auto	Should formalize its long-term vision within the alliance and potentially leverage KTM's brand in EV rollouts.
Consumers	Need clearer product-value messaging to rebuild trust and motivate future purchases.
Industry Analysts	Must recognize that the success of cross-border alliances depends not just on cost synergy but brand harmony and narrative control.

Table XVII: Future Implications

7. Conclusion

The KTM–Bajaj alliance represents a dynamic case of strategic collaboration between a European performance motorcycle brand and an emerging market manufacturing powerhouse. What began in 2007 as a tactical equity partnership evolved into a deeply integrated co-development model. The alliance has generated measurable successes: expanding KTM’s global footprint, helping Bajaj enter premium segments, and enabling production for over 75 global markets from India.

However, this study finds that the partnership’s long-term success in India faces existential questions from the consumer perception side. Data from 347 respondents, analyzed using statistical models, points to consistent concerns over overpricing, brand dilution, and lack of commuter segment focus. Furthermore,

rumors and market chatter about KTM's financial condition and potential restructuring have exacerbated uncertainties, prompting consumers to imagine an alternative (including a hypothetical merger with BMW, which garners significant support).

From a strategic standpoint, the core challenge lies not in the alliance's operational logic (which remains sound) but in its brand management, pricing strategy, and communication. The findings confirm the need for rebranding shared production as strength, entering the commuter segment under a sub-brand, and launching affordable KTM electric options to retain relevance among Gen Z and young urban riders.

The broader implication for academic and practitioner audiences is clear: Strategic alliances in emerging markets must balance economic synergy with narrative coherence. Co-produced bikes can be cost-effective, but unless brand identity and consumer expectations are harmonized, the alliance can lose its strategic edge — even as it remains technically viable.

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