

Car-buying landscape: The road ahead

A report on evolving consumer trends for car-buying





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Introduction

In the past, Indian consumers have preferred affordable hatchbacks powered by petrol for great mileage. The car-buying process entailed recognising brand reputation, dealership visits, car-comparison, test drives and purchase.

However, over the past few years, the traditional means of car-buying have been massively disrupted with brand awareness, the introduction of new models/technologies, increased affordability, and influence of digital means. Automakers in India have had to adapt their marketing strategies and product positioning to cater to the evolving market trends and needs of the consumer.

Digitisation is being pursued by leading carmakers in the country across processes to drive sales for prospective customers who are less willing to visit showrooms and make purchases. Carmakers like Hyundai, Maruti Suzuki, Kia, MG, Honda, Tata Motors, Toyota, Mahindra & Mahindra and Mercedes-Benz have taken to digitalisation as pandemic-induced lockdowns and curfews become the new normal.

In addition to this, a focused approach on EV adoption will also allow carmakers to tap into a completely new segment and build their presence. The state governments in the country have also rolled out many policies like FAME to boost adoption and manufacturing of EVs. Currently in the Indian market, vehicle penetration is extremely low with 30 cars (120 vehicles across categories) per 1,000 people. This is expected to rise to almost 300 in the next 10 years, indicating the growth potential for carmakers.



India is expected to be the world's third-largest automotive market in terms of volume by 2026



The industry data has estimated a market size of USD 300 billion, where the passenger vehicle industry is likely to grow 22-25% in FY22

Source: Invest india



Going digital

Auto companies were already moving to digital marketing and increasing usage of online media, but the current situation has significantly accelerated the pace of change. The spending can be expected to shift largely in favour of digital mediums as the consumption of online content has significantly increased in the past couple of months. Consumers are also checking brands, products, and reviews digitally before making plans to buy a car.

Many 3D experience offerings have been presented to customers but the traditional way of purchasing

a vehicle such as visiting dealerships, comparing the cars, taking test drives, and then deciding which vehicle to buy, continues to be the most suitable way of purchasing for the majority of buyers.

Consumers would rather check the models first online and then visit dealerships to make purchases, rather than make bookings online. The impact of digital channels on buying is mainly limited to the introduction of new models and consumer awareness of model features and brand.

Buying a car online is not yet a preferred method in India and it is expected to take a few more years for consumers to adapt to this.*

Car buyers want a hybrid of online and offline shopping experiences, according to **Global Web Index surveys** conducted in India.



60% of **Quora** users planning to buy a car want brands to be innovative, and they are **38%** more likely than the average car buyer to say so



64% of **Quora** users planning to buy a car visited a brand's website



Quora users planning to buy a car are **38%** more likely to look at consumer reviews when researching a brand or product than the average car buyer in India



Source: GWI Core India 2021 H1

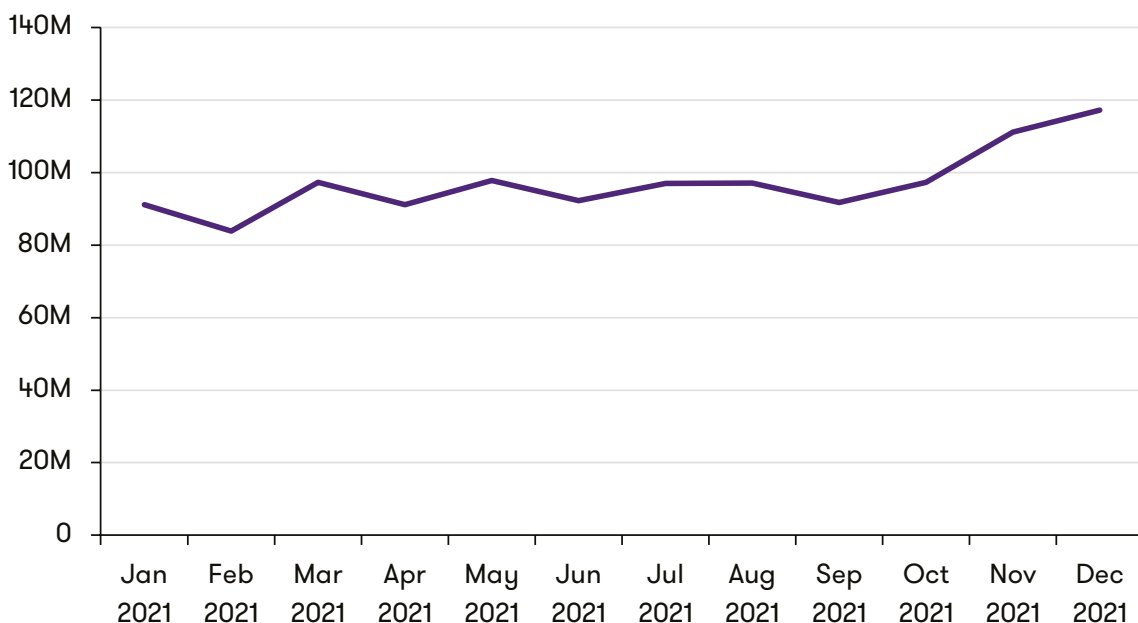
Source: * Grant Thornton Bharat survey



Increase in online discussions for auto

Online discussions on cars are teeming on **Quora** as always and it is something that marketers ought to be listening to. Content related to cars and automobiles has seen a steady surge over the last year. While related topics like luxury cars and SUVs are also very popular, topics like electric cars and rental cars are also adding to the momentum.

Automotive topic view



Source: Internal Quora Data 2021

Auto marketers leveraging social media

Auto marketers across India are building their brand communities via social media with varied emphasis.

Organic use of the brand-neutral **#NewCar hashtag** can be seen as a tentative indicator of success, with engaged consumers celebrating their purchases via their social channels.



Talkwalker analysis shows **more than 4.4K #NewCar** mentions over the past year, with the number of mentions across the auto brands represented via the size of brand names in the word cloud generated below.

Brand mentions under the #NewCar hashtag across India in 2021

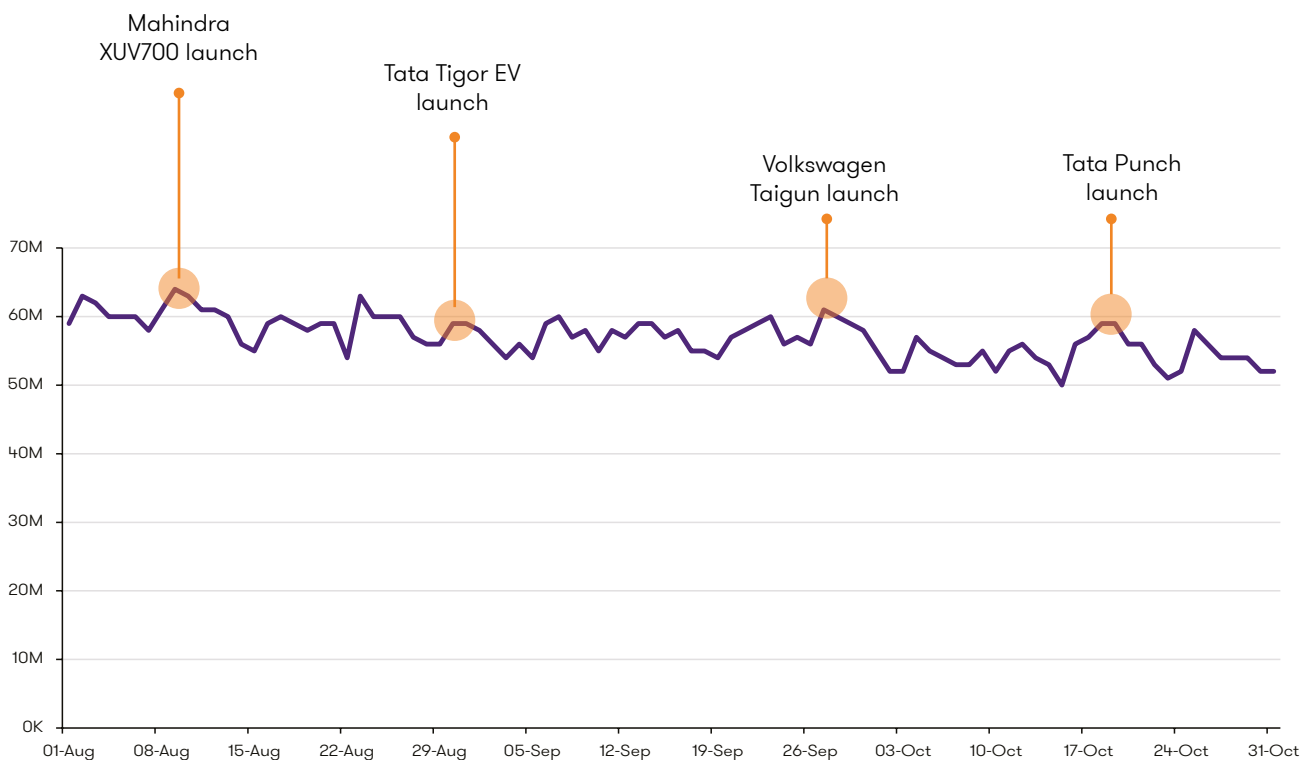


¹ For a deep dive into the social media strategies of the top auto brands, take a look at Talkwalker's past ['Driving Your Brand on Social'](#) report. While this report may not be up to date, it shows the depth of analysis possible with Talkwalker's consumer intelligence platform.

According to an analysis of internal **Quora** data on brand-specific topics from 2021, prominent spikes can be seen in conversations about car brands and related topics on **Quora** whenever there is a car launch in the country.

Four of the major spikes in topic views in the second half of last year were during major car launches in India.

Automotive topic view



Source: Internal Quora Data 2021

Increase in used car trend

With skyrocketing new vehicle prices, pre-owned/used vehicles are expected to increasingly become a more popular choice.

India's used car market size is expected to rise to USD 70.8 billion by 2030, at a 14.8% CAGR between 2021 and 2030.

The smaller towns are expected to fuel the demand for used vehicles as the share of non-metro cities in used vehicle sales is expected to rise from the current 55% to nearly 70% in the next four years, according to GT Auto Track.

Transparency, convenience and ease of transactions, digital banking and payments, and certified quality of vehicles are driving the growth for used vehicles sales in India.

Car purchasing patterns in India



48%

consumers said they searched for information online before visiting or consulting any offline medium



90%

car buyers spend less than three months to decide, finalise and make the final purchase



411%

growth in two wheeler sales from May 20 to Jan 21

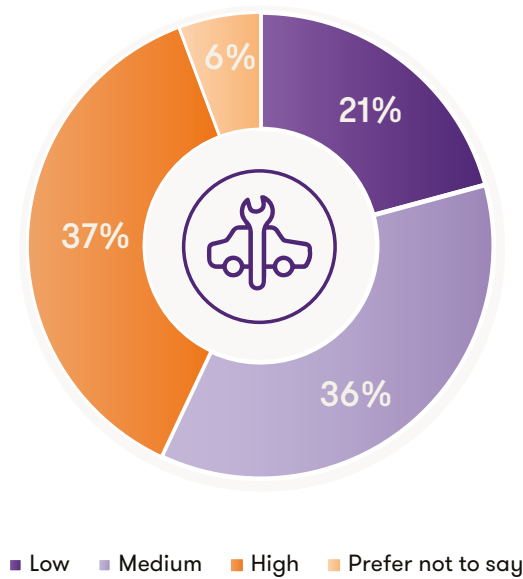


724%

growth in passenger vehicle sales from May 20 to Jan 21

Source: Grant Thornton Bharat auto report

Income segmentation



Source: GWI Core India 2021 H1

Higher to middle-income individuals make up

73%

of Quora's car-buying audience

And

67%

of users have said they would pay more for a familiar brand

Car features preferences on Quora

Hatchbacks



↑ **199%**

Growth in topic views

Sedan



↑ **189%**

Growth in topic views

SUVs



↑ **45%**

Growth in topic views

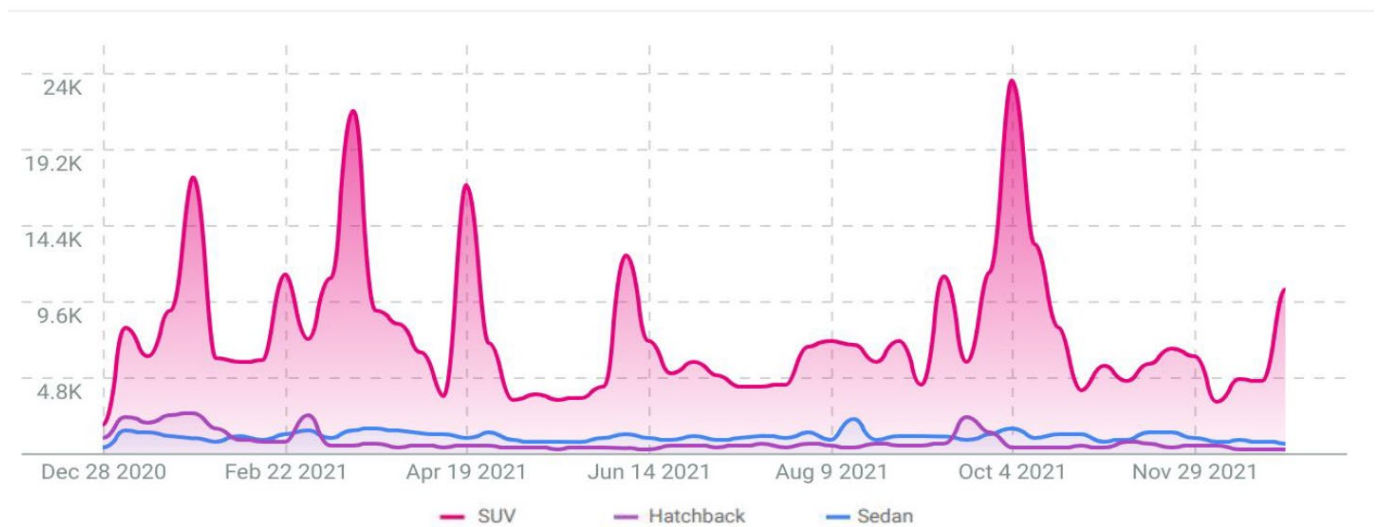
Source: Internal Quora Data 2021

There has been a radical shift in consumer perception about cars – it has moved on from sedans to utility vehicles. This trend has emerged largely due to the pandemic. While conversations about hatchbacks and sedans continue to grow on Quora, momentum around SUVs is also increasing on the platform as car enthusiasts delve into hybrid models of cars with SUV-like features, such as high capacity engines, all-wheel drive, longer wheelbase, and high seating position among others.

When it comes to cars, Sports Utility Vehicles (SUVs) take the lion's share of online conversations in India, according to Talkwalker, with an 86.6% majority on mentions and engagements - demonstrating a greater preference for SUVs amongst Indian consumers than the global average (58.7%). SUVs are priced over INR 10 lakh and the increasing interest among consumers is indicative of their willingness to spend more on vehicles, which can also be used for off-roading and come equipped with safety features. Auto marketers are riding on this overwhelming preference for SUV-type features in the Indian market - taking for example, models marketed as a versatile hatchback with SUV styling; or the sub-compact SUV.

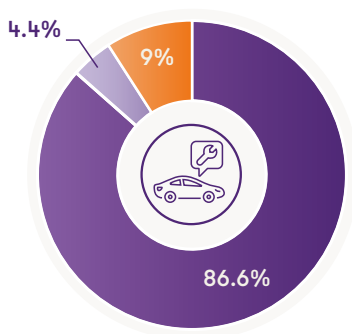
Mentions and engagements on the topics of SUV, hatchbacks, and sedans across online conversations in India in 2021, Talkwalker

Results over time

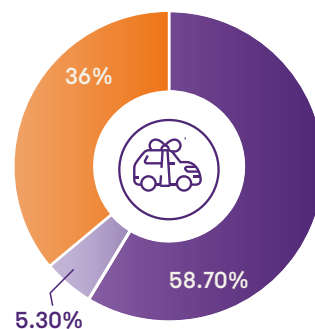


Share of conversation based on car types (SUV, hatchbacks, and sedans) across online conversations in India in 2021, Talkwalker

Engagement



■ SUV ■ Hatchback ■ Sedan



■ SUV ■ Hatchback ■ Sedan



However, the trend might change with rising prices of vehicles amidst stretched supplies and increased delivery period owing to disruptions in the global supply chain of semiconductors.

Readiness for EVs

From EVs and alternative fuel options, Indian consumers now seem ready to embrace the paradigm shift to e-mobility. They are overcoming their hesitation and prefer sustainable and environment-friendly solutions. The number of people expected to buy vehicles that are compliant with new technology and safety features is on the rise.

There have been recurring transformations in the auto industry with the government wanting OEMs to switch to EVs, CNG-powered vehicles, and FFVs at large. Also, the planned transition to EVs over the next few years is encouraging along with a strong push for 100% ethanol vehicles. In such a scenario, the petrol prices would be bound to soar higher in the next few years as per GT analysis. This will lead to strategic phasing out of the petrol vehicles and a decrease in consumer preference to purchase a petrol vehicle. The government is also expected to promote ethanol as the preferred fuel for those consumers that find affordable EV an issue. Thus, looking at the time to provisioning to OEMs, the mandate is expected to be announced in next six months

Based on Talkwalker analysis of online conversations across India in 2021, there was a 68% increase in the number of engagements on the topic of EVs in the second half of 2021, with mention peaks surrounding key developments in the industry. This included news surrounding the Maharashtra government's announcement of its EV Policy, a 4.75GW solar park to be developed in Gujarat's Khavada, and more. Many state governments have come out with their own policies for development of an ecosystem for EVs. The automotive and mobility sector is expected to contribute significantly for India to achieve its net zero emission status by 2070 through reducing emissions intensity and the use of battery operated EVs which have been identified as a viable option for ICE based vehicles.

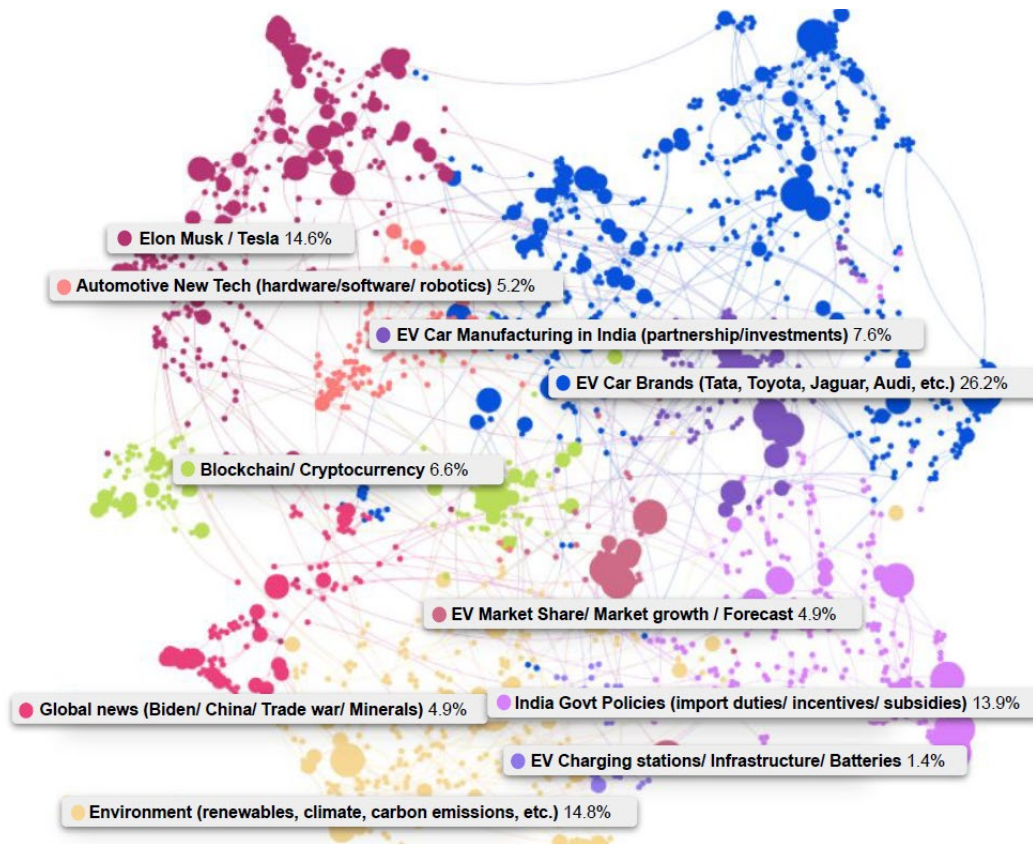
Mentions and engagement on the topic of electric vehicles (EV) across online conversation in India in 2021, Talkwalker



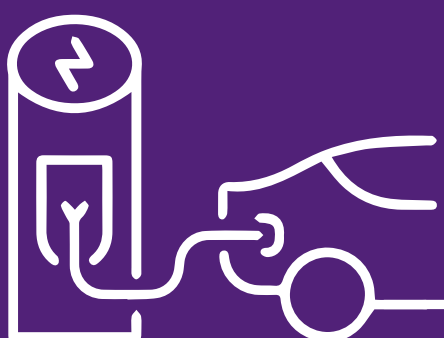
Interest in the EV space has also grown beyond the feasibility of the technology. Whereas concerns around charging infrastructure, supply chain issues, and vehicle maintenance still dominate the online space, there is also emerging optimism amongst lay investors surrounding EVs as a sustainable investments theme.

The conversation clusters display the most popular English-language conversational topics across India, gathered by Talkwalker, based on conversations in 2021

Conversation clusters Jan 2021 - Dec 2021



Amongst automakers, domestic automakers have emerged in second place behind certain US-based automakers in terms of share of voice in online conversations surrounding electric vehicles, based on Talkwalker analysis. The visibility of leading domestic brands is boosted by their 360-degree approach to product marketing, building positive brand reputation, and communicating a strong alignment with the government of India’s plans to grow the local EV ecosystem.



EVs are emerging as the preferred clean technology for the future of mobility. According to a Global Web Index survey, **Quora** users who own electric cars have increased by

63%
from Q1 to Q2 2021

Source: GWI Core India 2021 H1



Conclusion

The Indian automobile market is expected to be revolutionised with several digital interventions in the next few years. The automobile sector, by leveraging latest technology and data solutions, is trying to improve customer experience with shift from physical to digital. With adoption of online showrooms becoming the new trend, automakers in India will provide consumers the experience of buying a car with a click and within the comfort of their homes. The process will include provision of offers online, consultations, feature comparison and more. The Original Equipment Manufacturers (OEM) would want to leverage the use of augmented reality (AR) and virtual reality (VR) to magnify consumer experience online. This will also lead a change in the roles of dealerships and aftermarket space as well. Dealerships are likely to become experience centres.

The landscape of vehicle buying will transform with increased digital penetration in a wider manner. With the Indian government's push towards digitalisation, which has been clearly visible in the latest budget announcement, the automotive market will also witness a significant shift. Under the Bharatmala project, the government is focusing on facilitating internet access across the country, to the last mile. Such projects are likely to uplift the adoption of digital processes and subsequently impact the way people purchase vehicles as well.

Furthermore, at present, consumers tend to make informed decisions by mapping the data available, be it structured or unstructured, on various online platforms. Therefore, it makes it imperative for dealerships and OEMs to come up with best possible strategies as well as transparency online.

Notably, India is characterised by an exponential consumer base, making it desirable to potential investors with cost base as a great advantage along with the government announcements supporting digital India. Such factors will allow the country to become a centre for major digital advancements.

About Quora

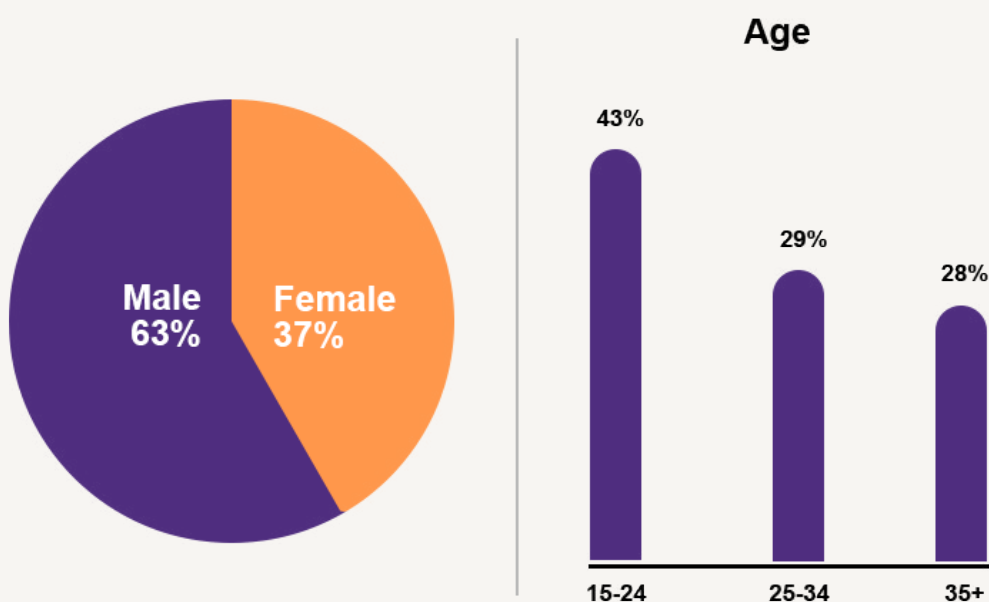
Founded in 2009, Quora's mission is to share and grow the world's knowledge. By democratising access to knowledge, communities can ask questions and share answers with one another.

Quora for Business connects thousands of brands to over 100 million insightful Quora users in India across 300,000+ topics, transforming the way brands share their industry expertise and form relationships with customers. With products such as Quora Ads and Promoted Answers, businesses can influence a high-intent audience during the consideration phase of their purchase process.

About our users

Quora users are naturally curious about the world around them, making them eager to connect with individuals with diverse perspectives and a shared zeal for knowledge. This means they are actively seeking solutions that improve their lives and the businesses they work for. Today, thousands of businesses use Quora to reach high-value customers in the consideration stage of their brand journeys.

Who's on Quora?



Source: Comscore Media Metrix, December 2020

About Talkwalker

Talkwalker is the #1 Consumer Intelligence Acceleration platform for brands to drive business impact. Recognised by Forrester as a Leader in Consumer Intelligence and Social Listening, the platform combines a multitude of internal and external data sources with AI powered by Blue Silk™ technology, for the most expansive view of consumers. Talkwalker Activate professional services team can augment, accelerate, or fully service brands' insights needs to increase their ROI from the Talkwalker platform.



Three products built to exceed your brand needs

Talkwalker's platform, powered by Blue Silk™ technology, includes three industry-leading products:

- **Market Intelligence:** Provides consumer trends analysis and real-time industry datasets, with an app per category, to fast-track innovation. Covering a variety of industries including consumer goods, entertainment, health & wellness.
- **Customer Intelligence:** Creates a unique single customer view by combining customer and consumer data, social, ratings, and reviews. Providing brands with real-time actionable insights, that they can profit from immediately.
- **Social Intelligence:** An expansion of their deep social listening capabilities at scale, to help companies protect, measure, and promote their brands.

With offices around the globe, Talkwalker helps over **2,500 brands** to maximise profits with actionable consumer intelligence. To discover more about Talkwalker, please visit www.talkwalker.com.

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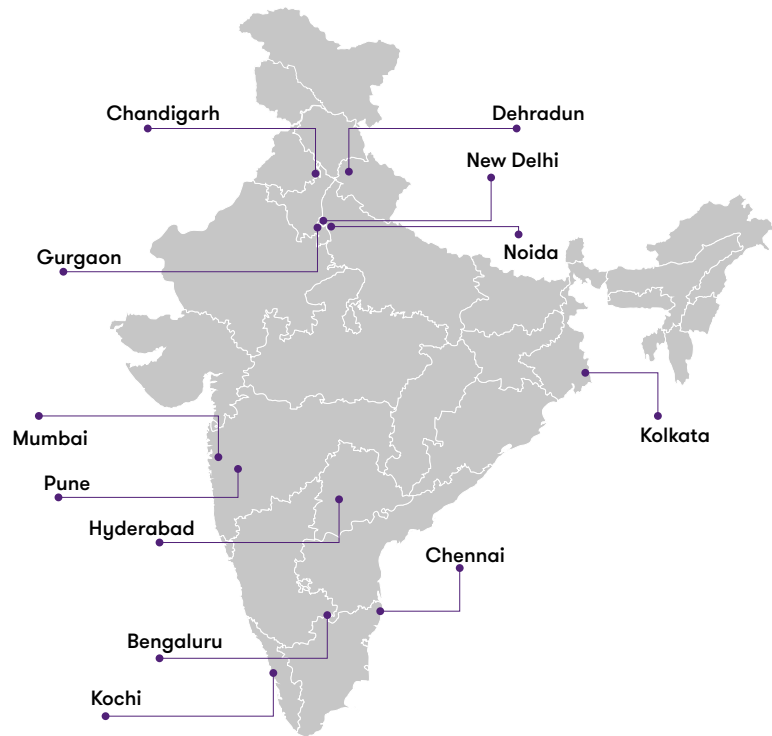
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people



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