Deloitte.

2024 Global Automotive Consumer Study

Key Findings: INDIA

January 2024

Contents

Key findings

1

Consumer interest in EVs continues to improve, but is it happening fast enough?

Despite continued positive movement toward BEVs, consumers still prefer hybrid technology in their next vehicle. EV intenders continue to be more inclined towards paying a premium as compared to ICE intenders. A variety of other challenges also continue to stand in the way of further adoption, including charging time, availability of charging infrastructure, and safety of battery technology.

2

A significant number of consumers may be thinking about switching vehicle brands

The top three reasons for intending to switch vehicle brands away from a manufacturer brand family include a desire to gain access to new technology/features, wanting to try something different, and upgrading to a premium brand.

3

Interest in connectivity features may not fully translate into revenue and profit

There is a relatively high level of consumer interest in features that provide updates on road safety, vehicle maintenance, traffic congestion, and parking. Compared to other markets, the willingness to pay extra for connected technologies is relatively high.

4

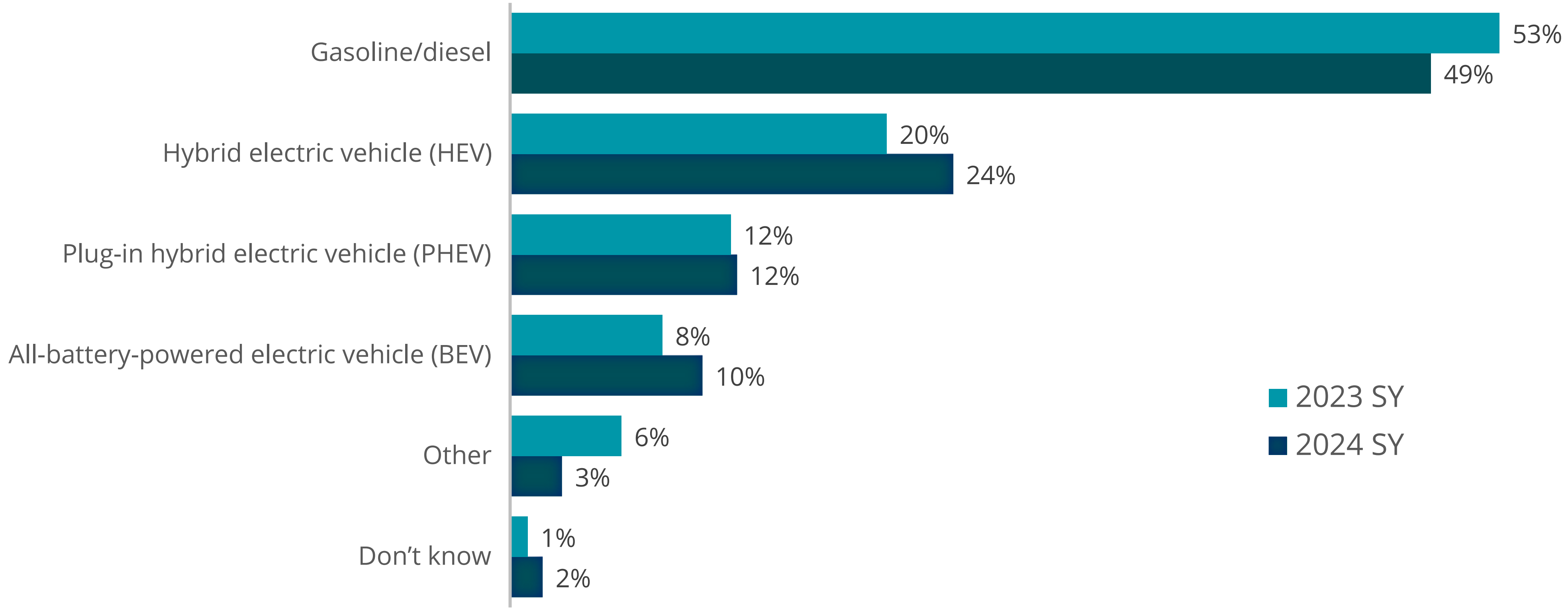
Younger consumers are driving overall interest in vehicle subscriptions, but more education may be necessary to address lingering concerns

Against the backdrop of uncertain economic conditions causing concern for financial capacity, a significant number of younger consumers are at least somewhat interested in giving up vehicle ownership altogether in favour of a subscription model but concerns about vehicle availability, higher fees, and total ownership costs persist.

1 Vehicle electrification

While maintaining robust momentum regarding consumer intent to move away from internal combustion engine (ICE) technology is proving to be a near-term challenge the preference of customers towards HEV is seeing an uptick from previous year

Preference for type of engine in next vehicle



Note: Other includes vehicles with engine types such as compressed natural gas, ethanol, and hydrogen fuel cells; don't know responses weren't considered; SY stands for Study Year.

Q32. What type of engine would you prefer in your next vehicle?

Sample size: n= 957 [2023]; 864 [2024]

INDIA

The primary draw for EVs continues to center on a consumer perception that they are good for the environment and have lower fuel and maintenance costs.

Reasons for choosing an EV for next vehicle

#1

68%
Concern for the environment

63%
Lower fuel cost

50%
Concern about personal health

30%
Potential for extra taxes/levies applied to internal combustion vehicles

56%
Less maintenance

48%
Government incentives/subsidies/ stimulus programs

24%
Potential ban on sale of new internal combustion vehicles

53%
Driving experience

43%
Ability to use the vehicle as a backup battery / power source

10%
Peer pressure

Q34. Which of the following factors have had the greatest impact on your decision to acquire an electrified vehicle? Please select all that apply.

Sample size: n= 399

INDIA

Affordability remains a critical issue for the automotive industry as most consumers still expect to pay less than INR 25 lakhs for their next vehicle, however EV intenders continue to be more inclined towards paying a premium (INR 15L – 50L price range) as compared to ICE intenders

Preferred price ranges for next vehicle

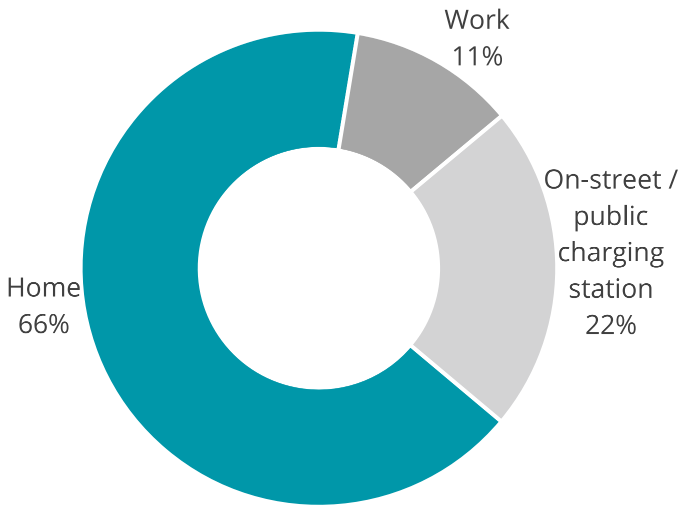
	Overall	ICE Intender	EV Intender
Less than 5,00,000 INR	4%	4%	3%
5,00,000 INR to less than 10,00,000 INR	19%	19%	19%
10,00,000 INR to less than 15,00,000 INR	30%	32%	29%
15,00,000 INR to less than 25,00,000 INR	27%	27%	29%
	80%	82%	80%
25,00,000 INR to less than 50,00,000 INR	14%	12%	15%
50,00,000 INR or more	4%	5%	3%
Don't know/not sure	2%	1%	2%

Q22. In which of the following price ranges will you be shopping for your next vehicle? (Please indicate what you would expect to pay after any discounts and/or incentives that might be available).

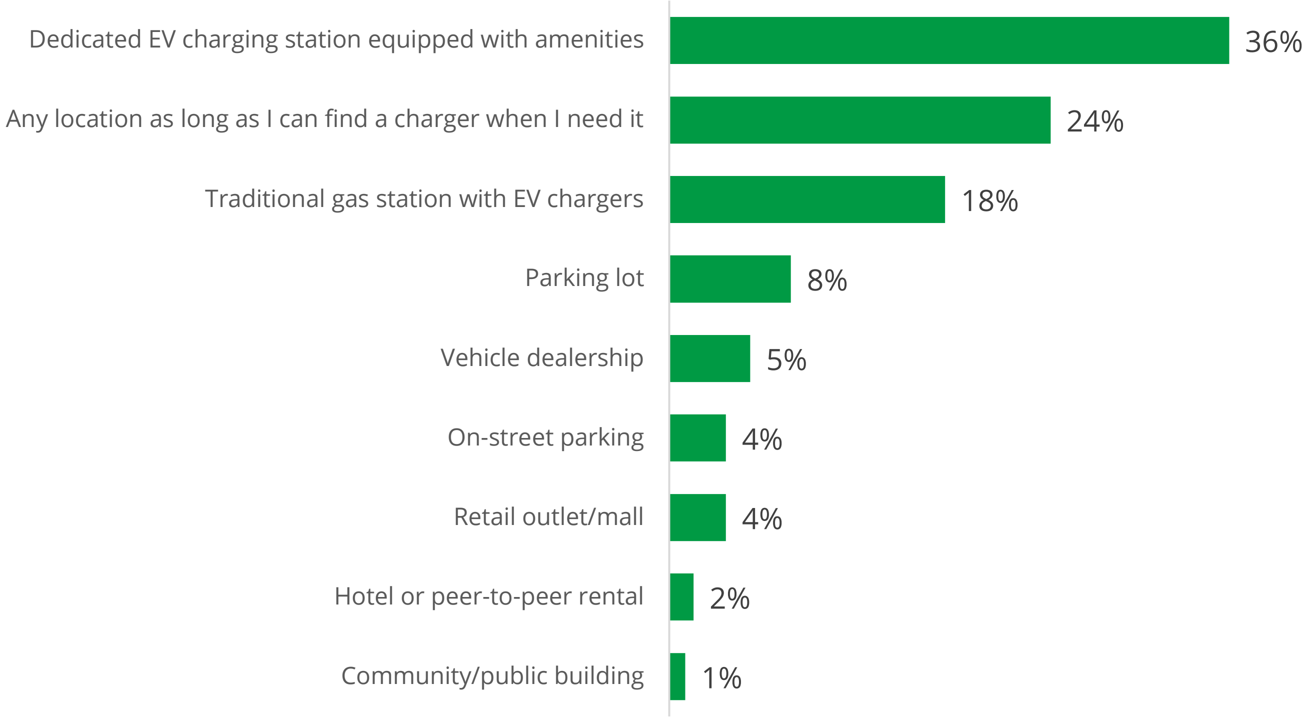
Sample size: [Overall] n= 864; [ICE intender] n= 426, [EV intender] n= 399

Most electric vehicle intenders plan to charge their vehicle at home, emphasizing the need to have home charging solutions (and financing options) available for consumers that they may not have fully considered in the overall cost of owning the EVs

Expecting to charge electrified vehicle most often at…



Preferred <u>public</u> charging location

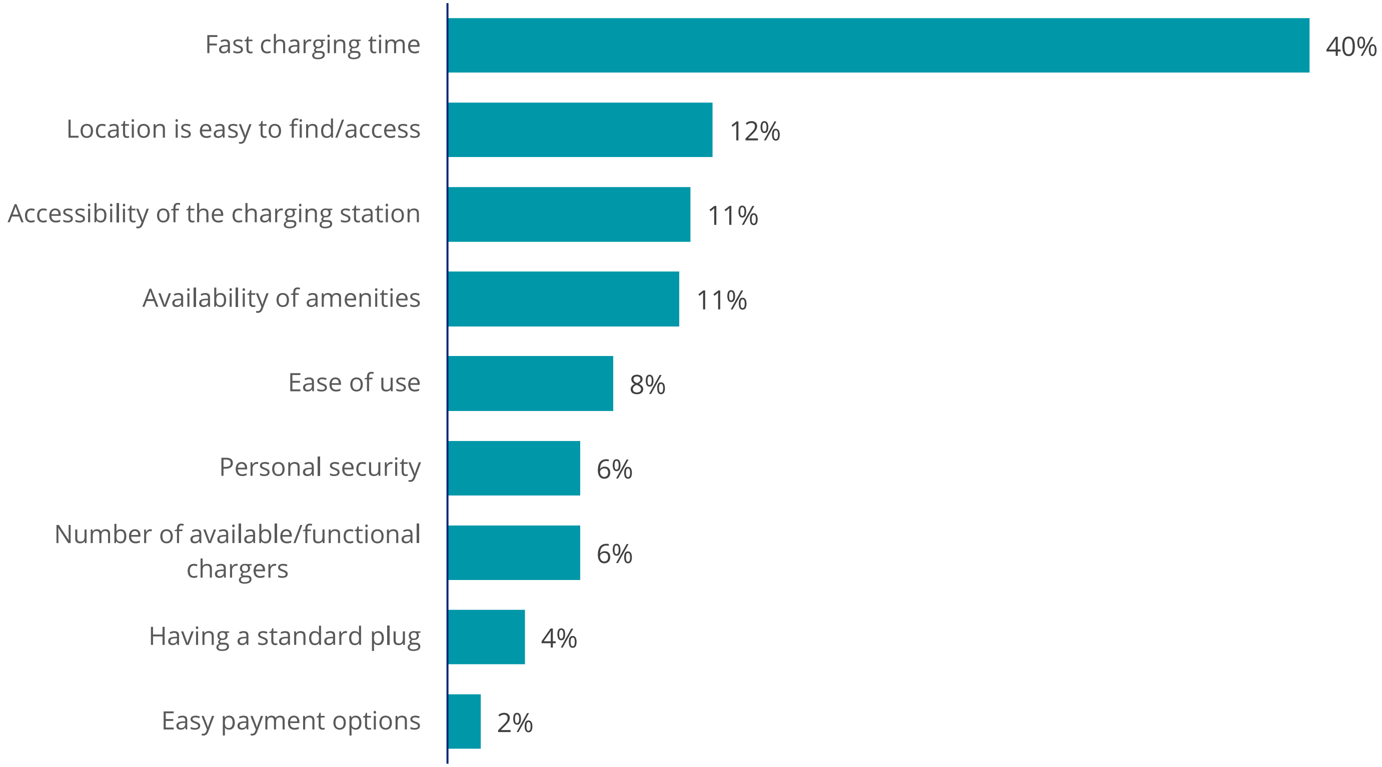


Q35: Where do you expect to charge your electrified vehicle most often?; Q37: Where would you most want to charge your EV when you are away from home (i.e., public charging location)?

Sample size: n= 194 [Q35]; 194 [Q37]

The most important aspect of a public EV charging experience is fast charging and a majority of consumers surveyed prefer to pay for charging via a traditional credit/debit card, signaling the need to simplify the experience using familiar payment methods.

Most important aspect of an electric vehicle (EV) charging experience



Most preferred way to pay for public EV charging

Credit/debit card	42%
Smartphone app	28%
Pre-paid subscription plan	14%
Third-party payment platform	9%
Loyalty points	6%
Other	1%

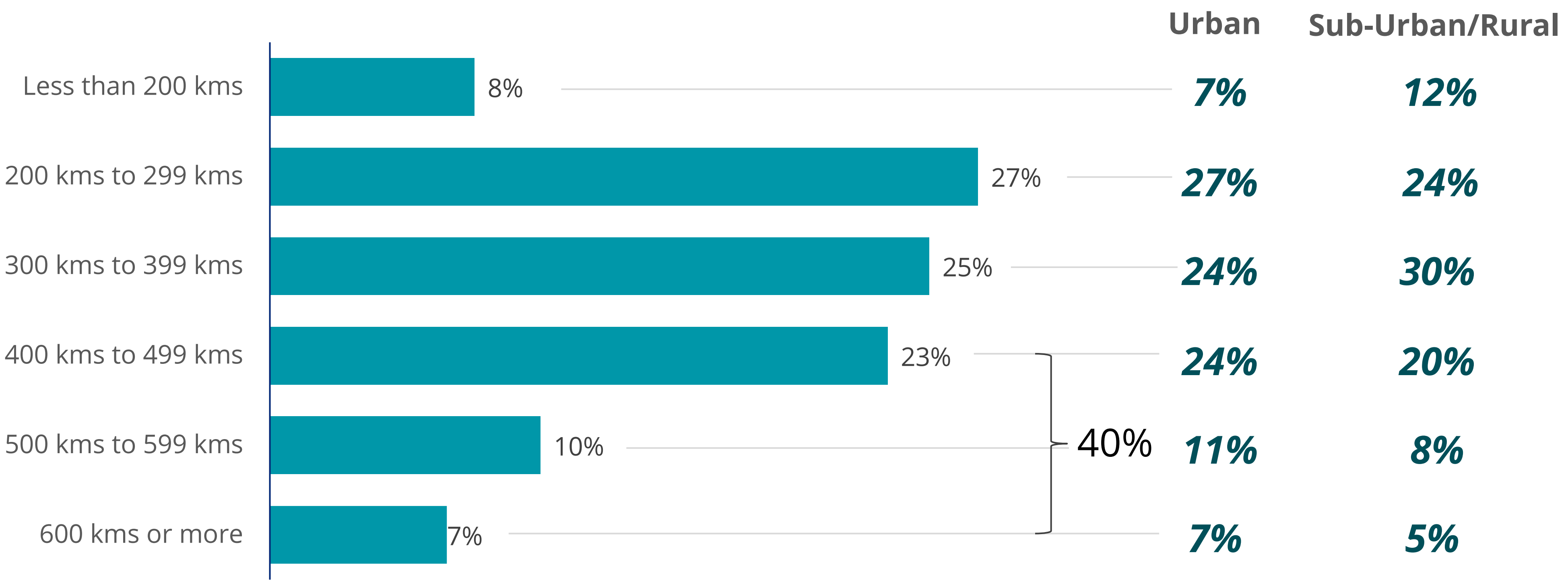
Q39: What is the most important aspect of an EV charging experience?; Q40: How would you most prefer to pay for public EV charging?

Sample size: n= 194 [Q39]; 194 [Q40]

Range of less than 200km seems to be a non-starter for most intenders, while the range expectation beyond this varies likely because of the usage preferences; ~ 50% surveyed consumers expect the range to be between 200 KMs to 400 KMs and ~40% expect the range to be more than 400KMs

Consumer expectations regarding BEV driving range

By location



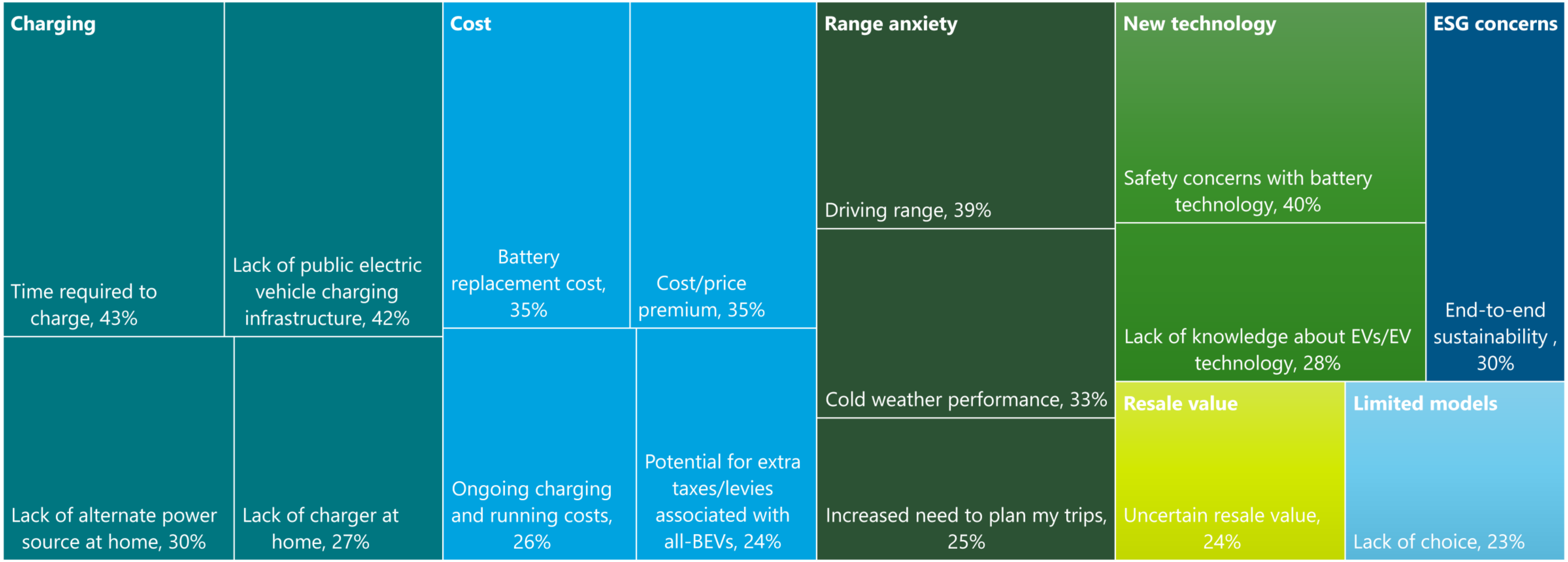
Note: Did not consider those intenders who said they would never consider acquiring a BEV irrespective of the driving range

Q44: How far would a fully charged all-battery electric vehicle need to go in order for you to consider acquiring one?

Sample size: n= 760 [Overall]; 613 [Urban], 147 [Sub-urban/Rural]

Charging time and infrastructure remains the key concern area for consumers followed by driving range regarding battery powered electric vehicles. Also, more than one-third of surveyed consumers cite vehicle cost and battery replacement costs as the biggest hurdles, underlining the need to address elevated prices.

Greatest concern regarding all battery-powered electric vehicles



Note: Sum of the percentages exceed 100% as respondents can select multiple options; other values not shown

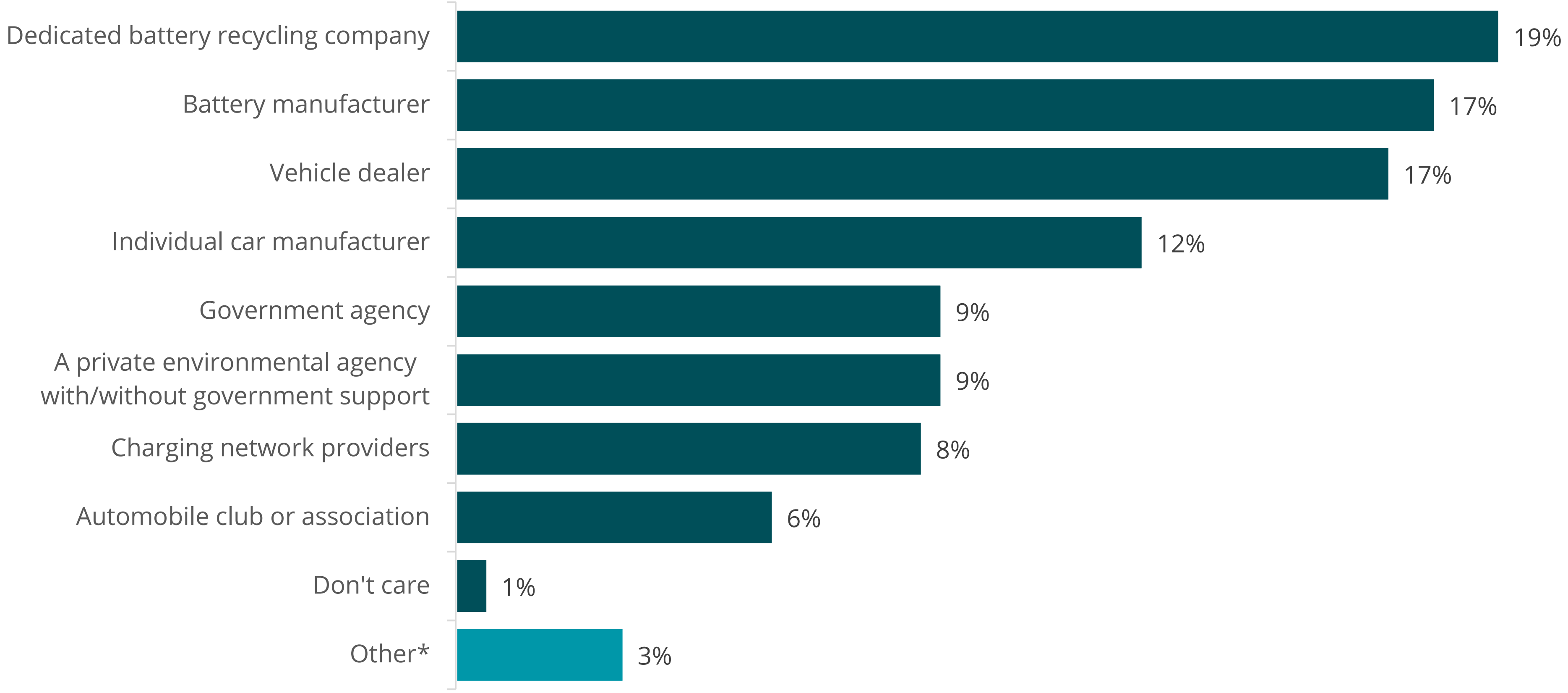
Q43: What are your biggest concerns regarding all battery-powered electric vehicles? Please select all that apply.

Sample size: n= 864

INDIA

Surveyed consumers believe dedicated battery recycling companies, EV battery makers, and vehicle dealers should be primarily responsible for collecting, storing, and recycling EV batteries after their useful lives.

Entity that should be responsible for collecting, storing, and recycling EV batteries after their useful lives (% of respondents)



*Other includes 'other' and 'don't know' responses.

Q47: Who do you think should be responsible for collecting, storing, and recycling electric vehicle batteries after their useful lives?

Sample size: n= 864

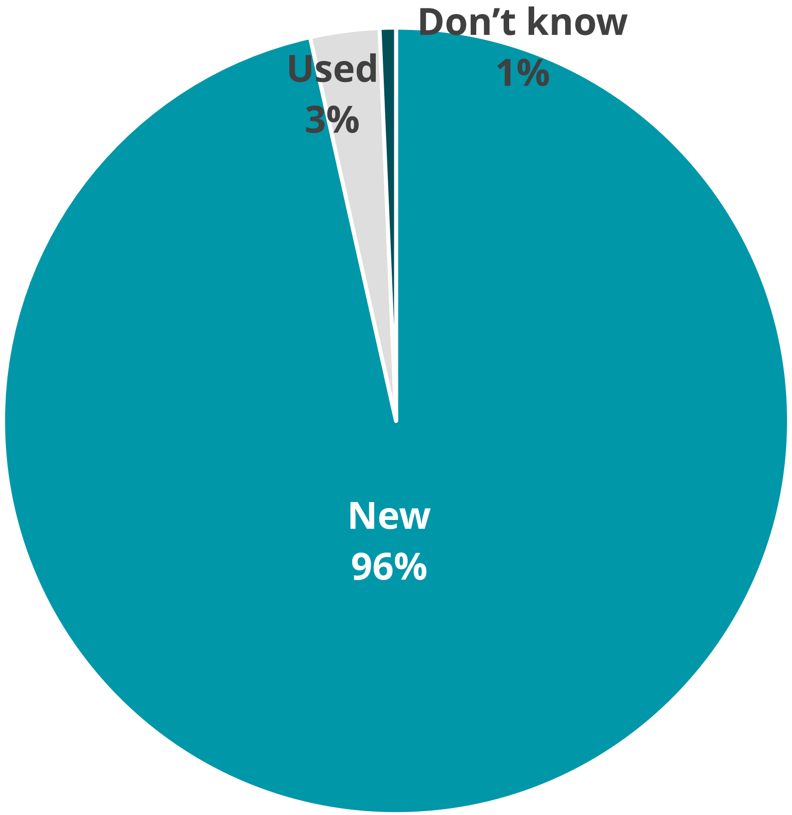
INDIA

2 Future vehicle intentions

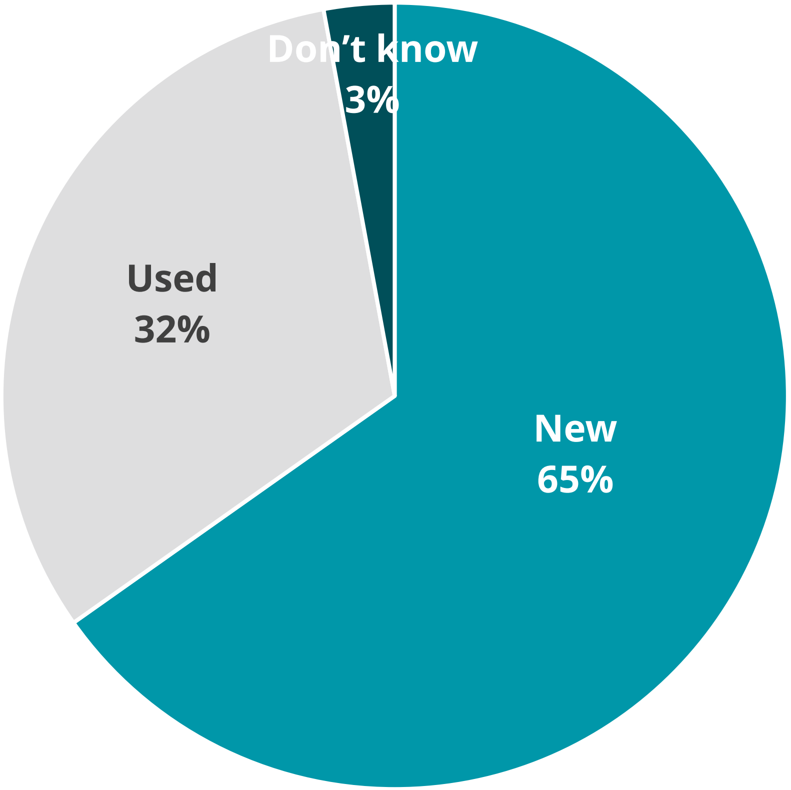
Nearly all the surveyed vehicle owners who acquired their current vehicle NEW intend to buy a new vehicle again. Even two-thirds of people who acquired their vehicle USED would prefer to buy a new vehicle next time.

Next vehicle type by current vehicle type

Current vehicle NEW



Current vehicle USED



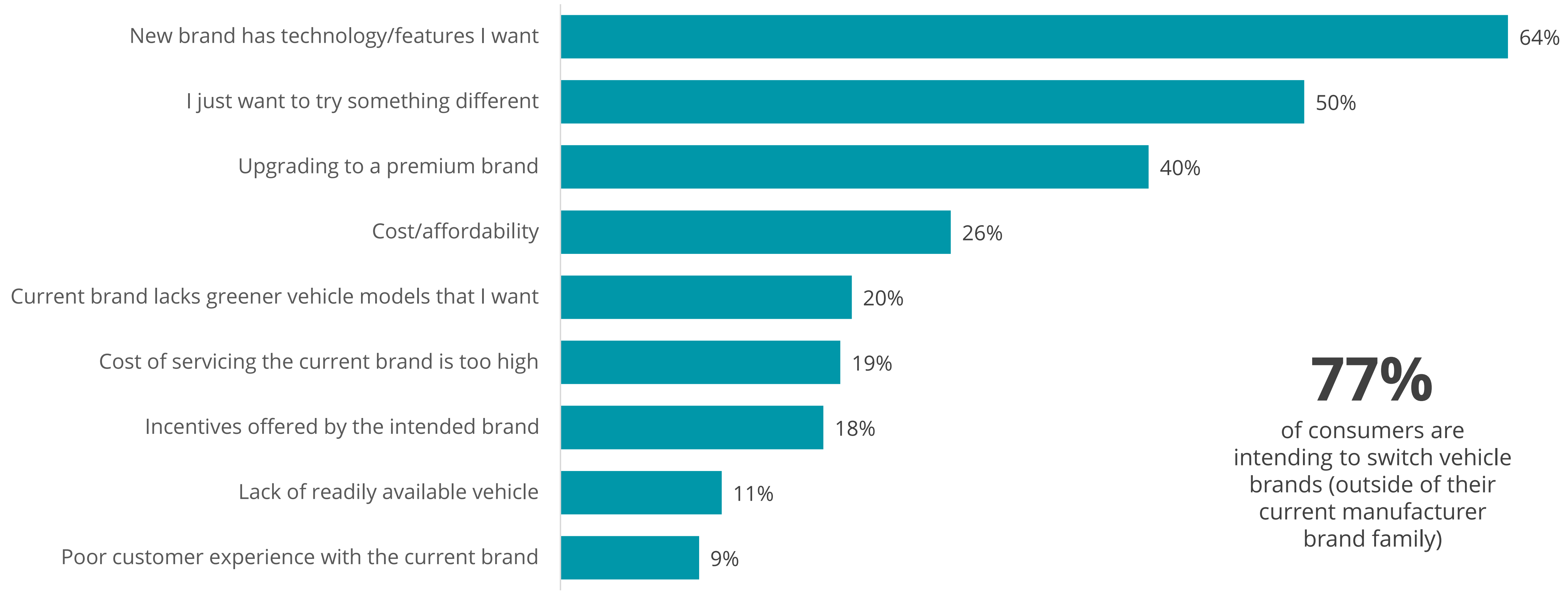
Q15. Will your next vehicle be new or used?

Sample size: n= 598 [New], 69 [Used]

INDIA

Survey respondents indicated that vehicle features, trying something different, and upgrading to a premium brand are the most important reasons for choosing a new brand of vehicle over the one they currently drive.

Most important reasons for switching to another brand* of vehicle



77%

of consumers are intending to switch vehicle brands (outside of their current manufacturer brand family)

Note: * includes switching to a different brand from the same parent or a different brand from a different sales parent; Sum of the percentages exceed 100% as respondents can select multiple options.

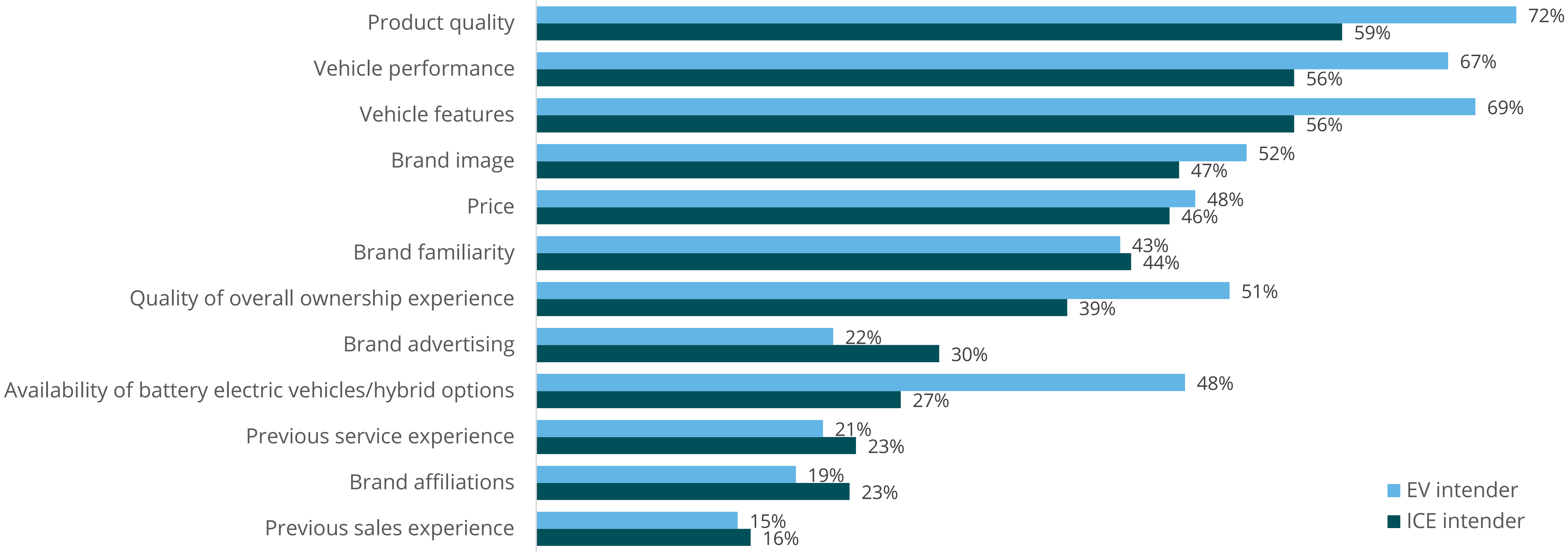
Q18. Why are you considering a switch to another vehicle brand? Please select all that apply.

Sample size: n= 526

INDIA

Overall, vehicle product quality is the topmost deciding factor for a consumer choosing an EV while performance and features are almost equally important for ICE intenders in addition to product quality. In addition, the overall ownership experience is more important for an EV buyer vs. an ICE intender.

Most important factors driving the choice of brand for your next vehicle (by type of engine in next vehicle)



Note: Sum of the percentages exceed 100% as respondents can select multiple options.

Q19. What are the most important factors driving the choice of brand for your next vehicle? (Please select all that apply).

Sample size: n= 426 [Gasoline/diesel vehicles], 399 [Electrified vehicles]

At the same time, majority of the consumers believe it is important/very important for vehicle brands to show a strong commitment to sustainable practices such as the use of environmentally friendly materials and a low carbon manufacturing footprint.

Percentage of consumers who would give importance to vehicle brands that have a strong commitment to sustainable practices

Not important
2%

Somewhat important
12%

Important
30%

Very important
56%

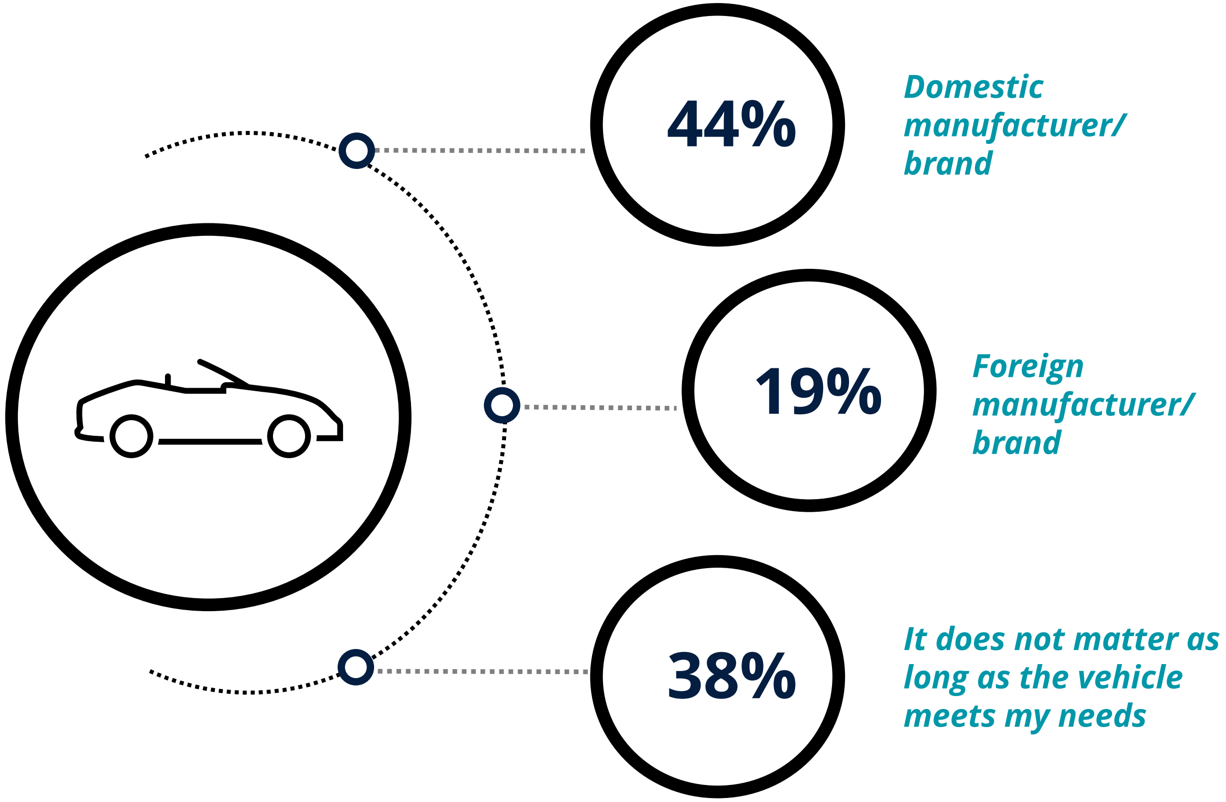
Q20: When thinking about choosing your next vehicle, how important will it be for a vehicle brand to have a strong commitment to sustainable practices (e.g., low carbon manufacturing footprint, use of environmentally friendly materials, electrification strategy)?

Sample size: n= 864

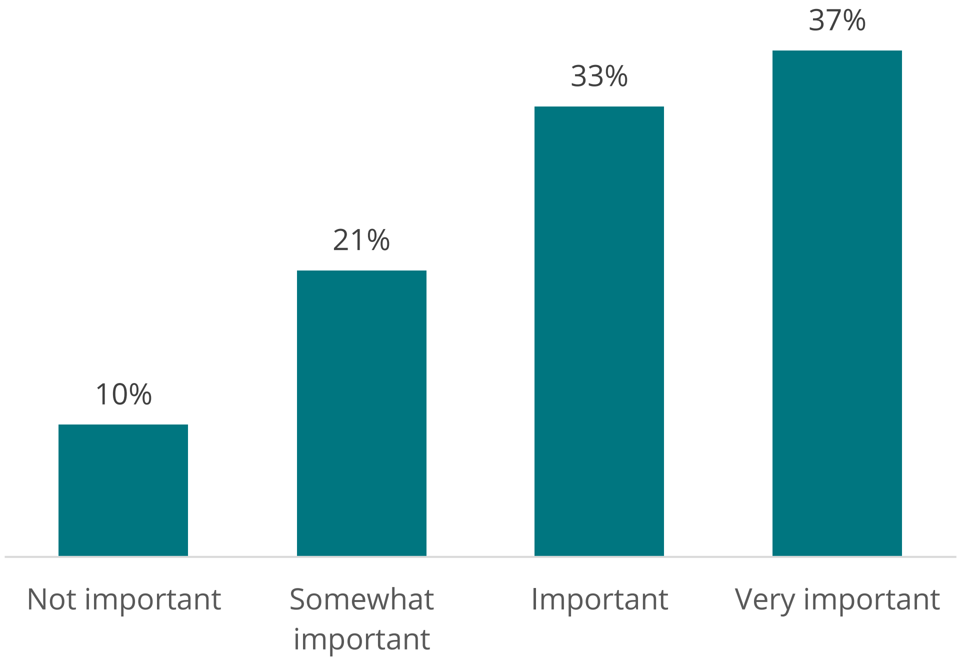
INDIA

When it comes to consumer preference toward domestic and foreign brands, more than 4 in 10 consumers surveyed prefer a domestic brand and 7 in 10 assign importance to local manufacturing of the vehicle.

Preferred organizations for next vehicle purchase



Percentage of consumers who give importance to local vehicle manufacturing (i.e., manufactured in your country or region)



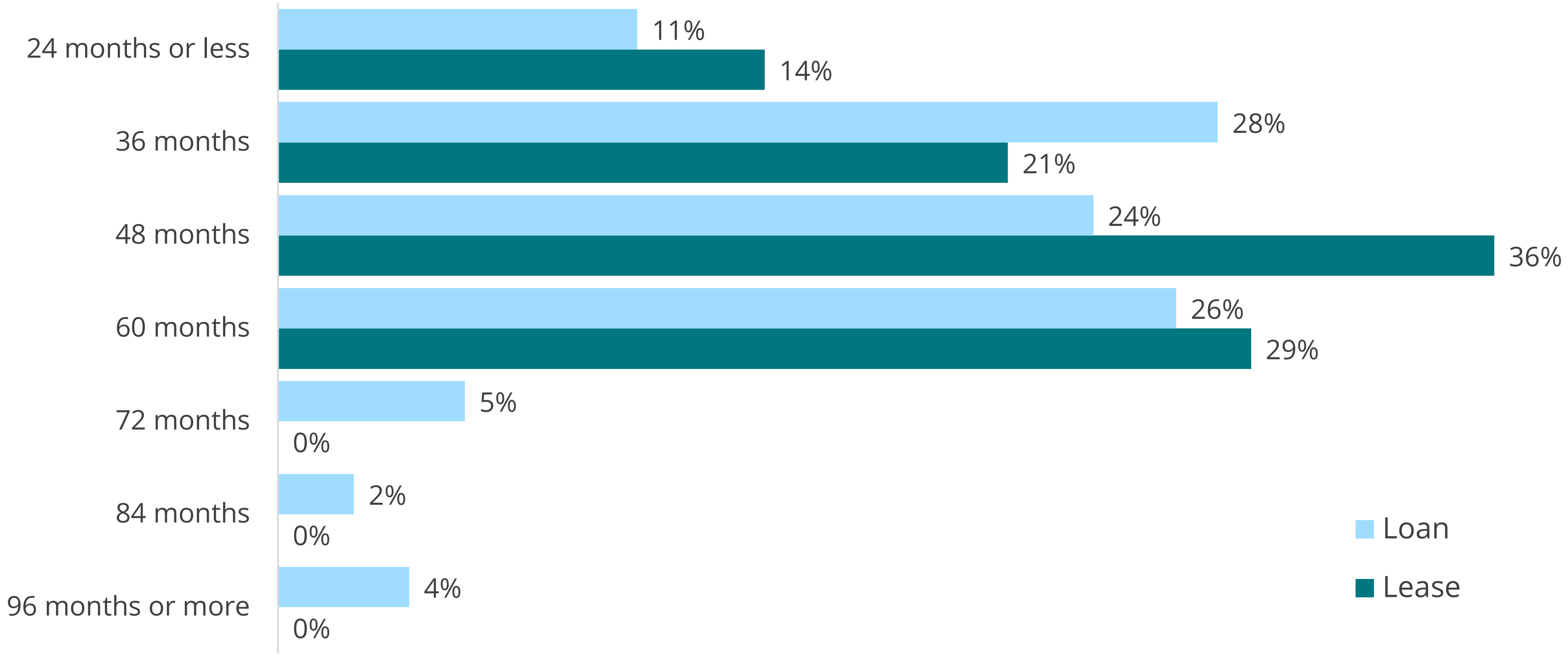
Q45: From which of the following type of organizations are you most interested in acquiring your next vehicle?; Q21: To what extent is it important that your next vehicle be locally manufactured (i.e., manufactured in your country or region)?

Sample size: n= 864 [Q45]; 864 [Q21]

INDIA

6 in 10 consumers plan to finance their next vehicle with either a loan or lease contract. However, expectations for preferred term durations may be out of sync with market realities given the use of extended terms to keep monthly payments in check.

Preferred loan and lease duration

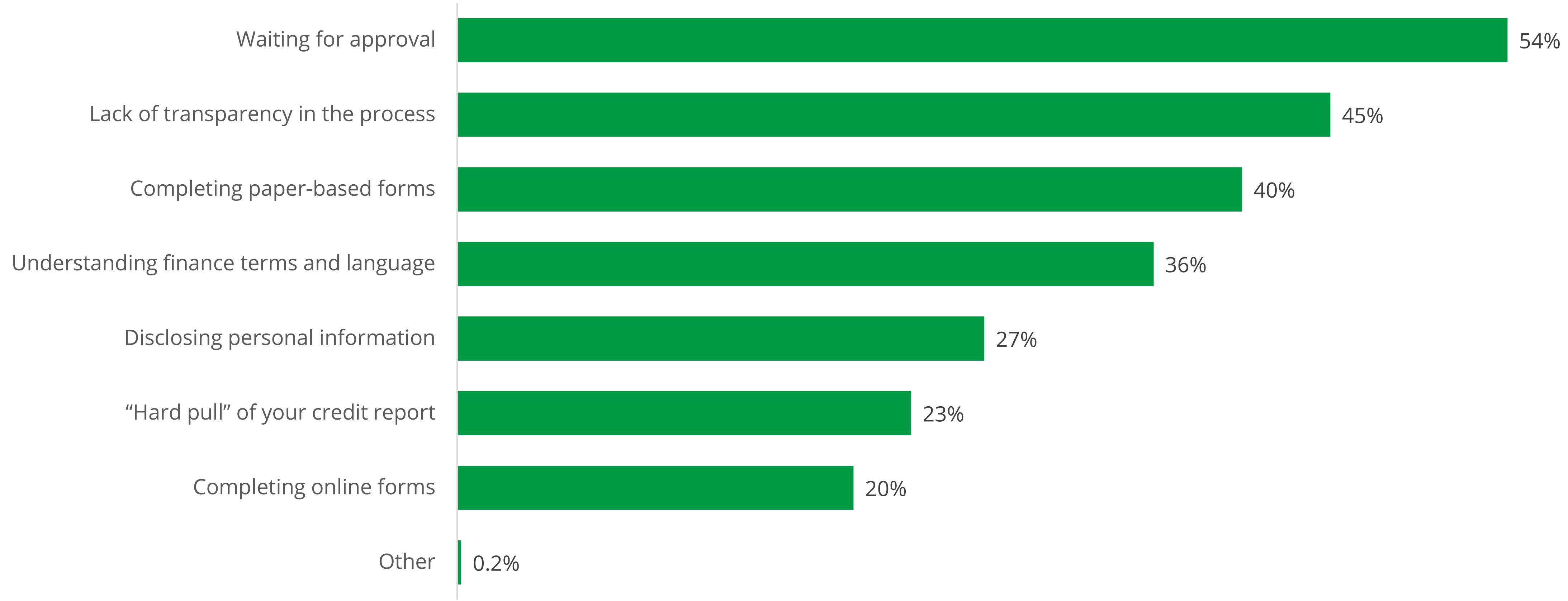


Q24. How do you intend to acquire your next vehicle?; Q25. What is your preferred loan duration (in months)?; Q26. What is your preferred lease duration (in months)?

Sample size: n= 864 [Q24]; 493 [Q25]; 14 [Q26]

Waiting for approval, and lack of transparency in the process are the most disliked parts of the financing process for survey respondents seeking a loan or lease.

Most disliked part(s) of the finance process



Note: Sum of the percentages exceed 100% as respondents can select multiple options.

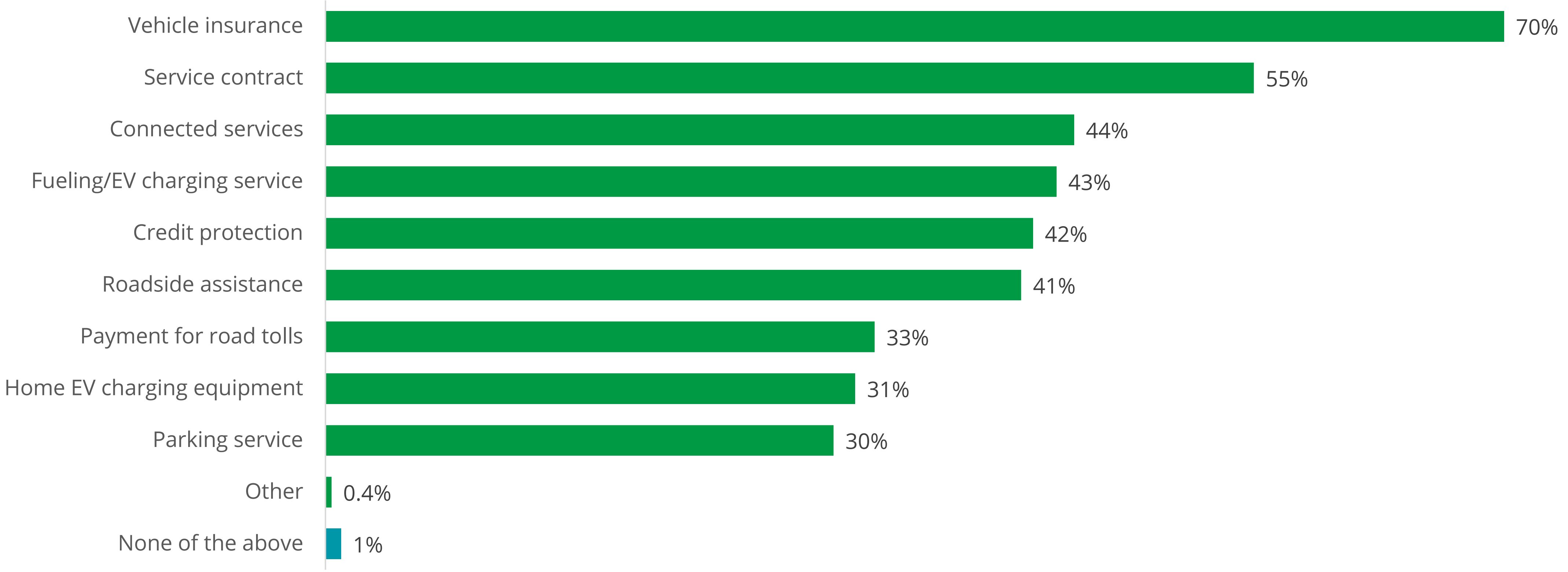
Q27. What part(s) of the vehicle finance process do you dislike the most? Please select all that apply.

Sample size: n= 507

INDIA

Vehicle insurance is the most important additional service that consumers plan to acquire with their next vehicle. Compared to other markets, interest in other additional services is also relatively high.

Most important additional services that consumers plan to purchase, or subscribe to, when acquiring their next vehicle



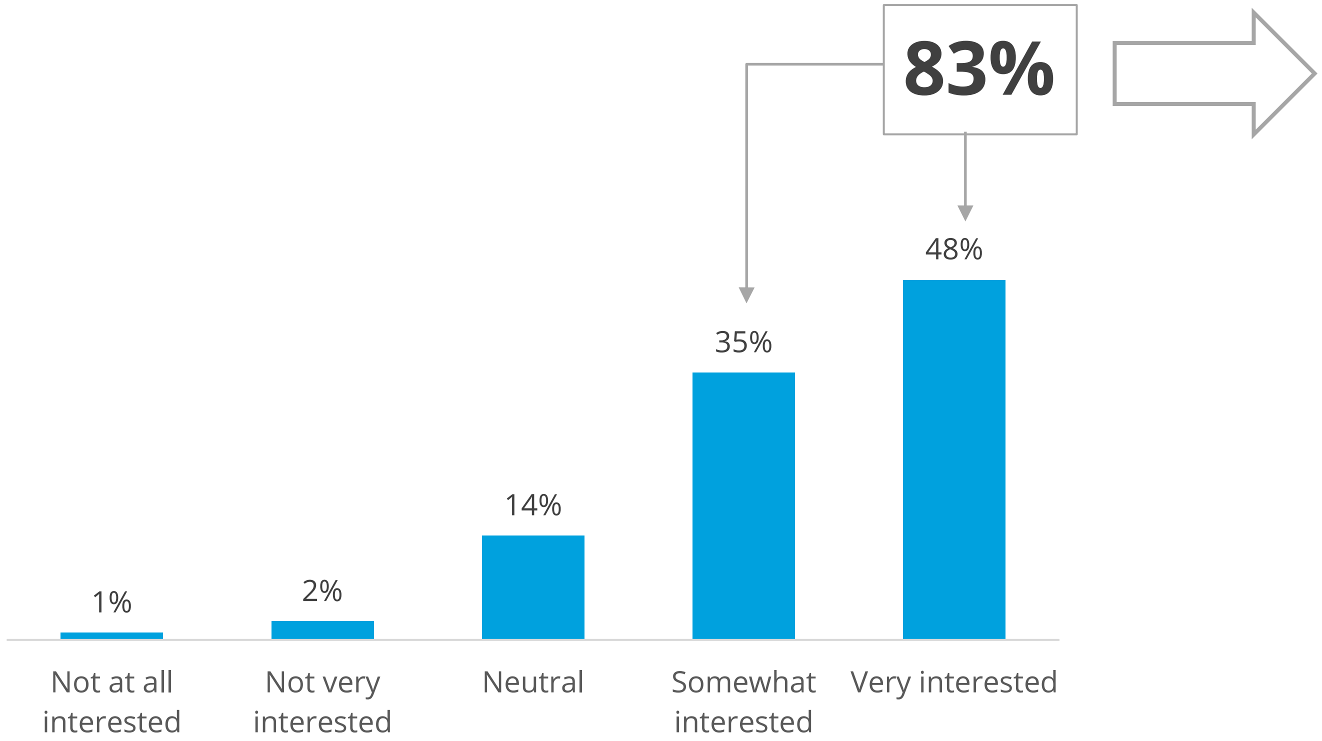
Note: Sum of the percentages exceed 100% as respondents can select multiple options.

Q28: Which of the following additional services do you plan to purchase, or subscribe to, when acquiring your next vehicle? Please select all that apply.?

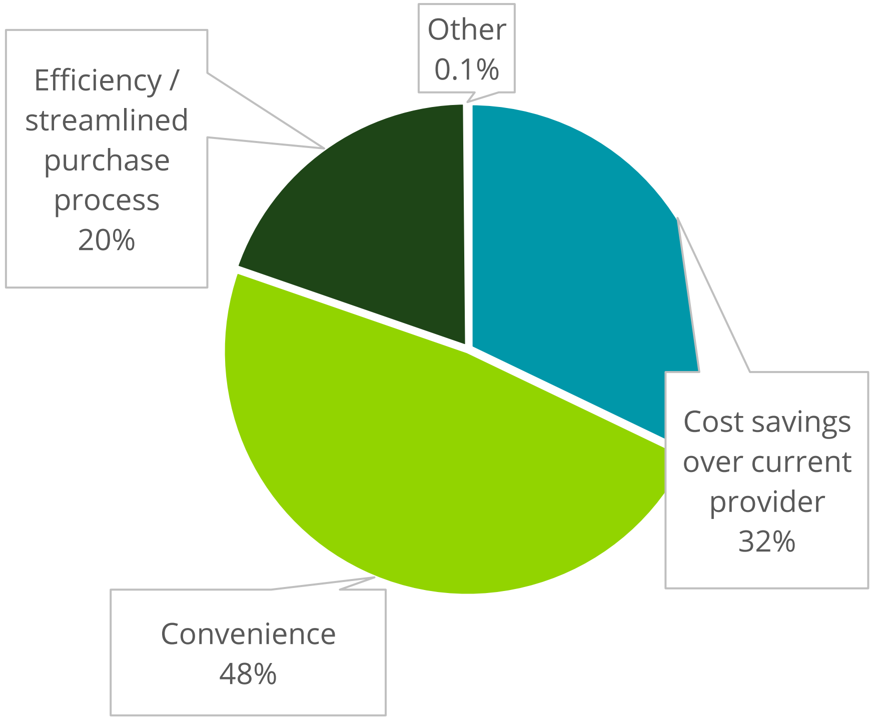
Sample size: n= 864

OEMs are looking at every potential profit pool going forward, including bringing insurance products in-house, signaling a potential disruption for the traditional value chain.

Percentage of consumers who would purchase insurance directly from the manufacturer



For those consumers who are interested in purchasing insurance directly from the manufacturer, primary benefits are..



Q52: The next time you acquire a vehicle, how interested would you be in purchasing insurance directly from the vehicle manufacturer?; Q53: What do you believe the primary benefit of buying insurance directly from the manufacturer to be?

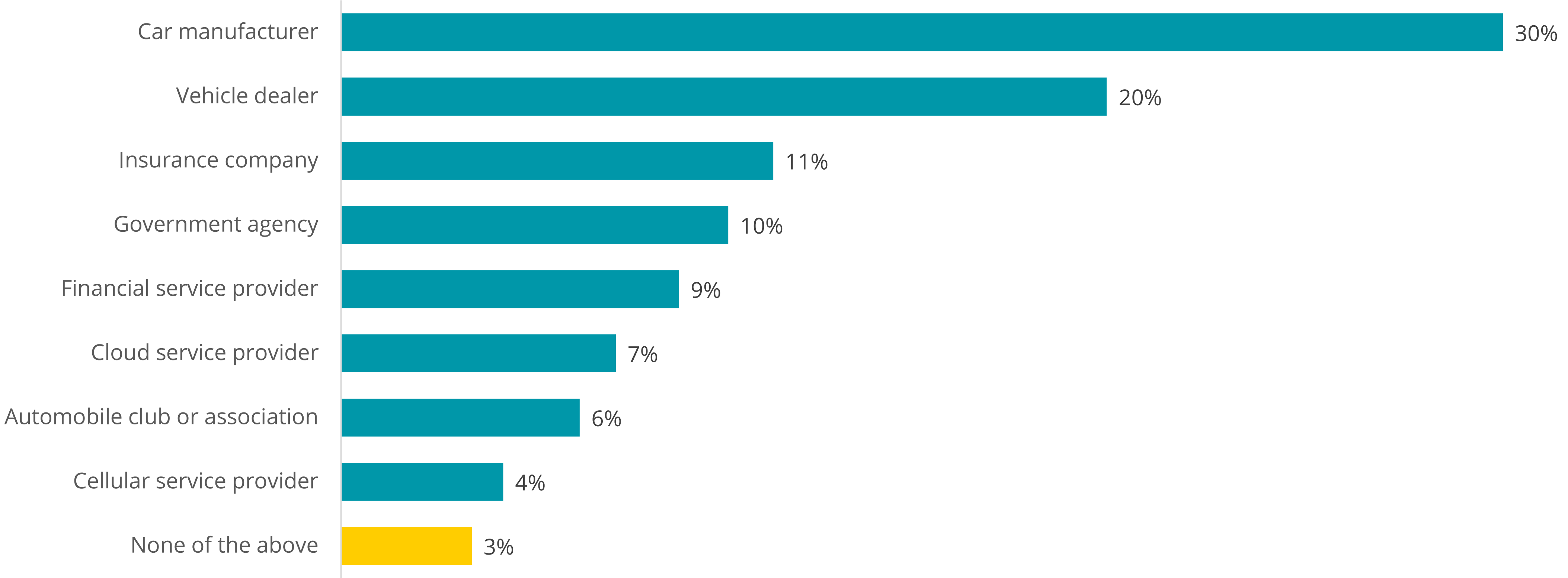
Sample size: n= 864 [Q52]; 716 [Q53]

INDIA

3 Connectivity

Half of consumers trust either the OEMs or their dealers the most when it comes to managing collected vehicle data.

Consumer opinions on whom they trust the most to manage data generated/collected by their vehicle



Q51: In a scenario where you owned a connected vehicle, who would you trust most with access to the data your vehicle generates?

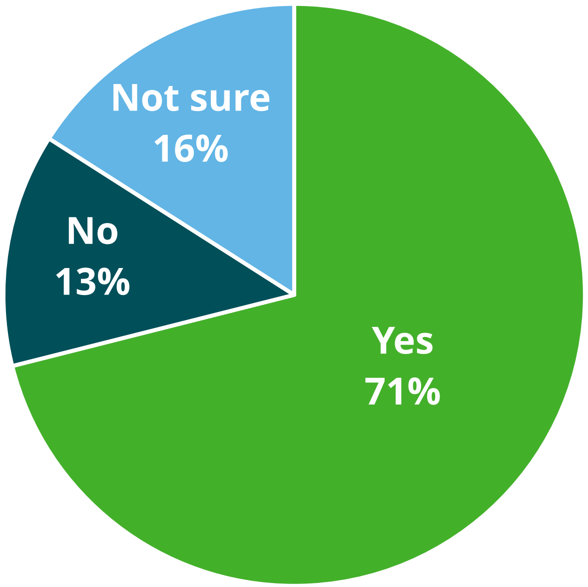
Sample size: n= 864

INDIA

Having said that, consumers are ready to share their PII* if it helps them with updates related to road safety, maintenance, and congestion. At the same time, 7 in 10 consumers are willing to pay for these connected services.

Interest in a connected vehicle even if it requires sharing PII* and/or vehicle data

Willingness to pay extra for connectivity features



*personally identifiable information.

Note: Sum of the percentages exceed 100% as respondents can select multiple options.

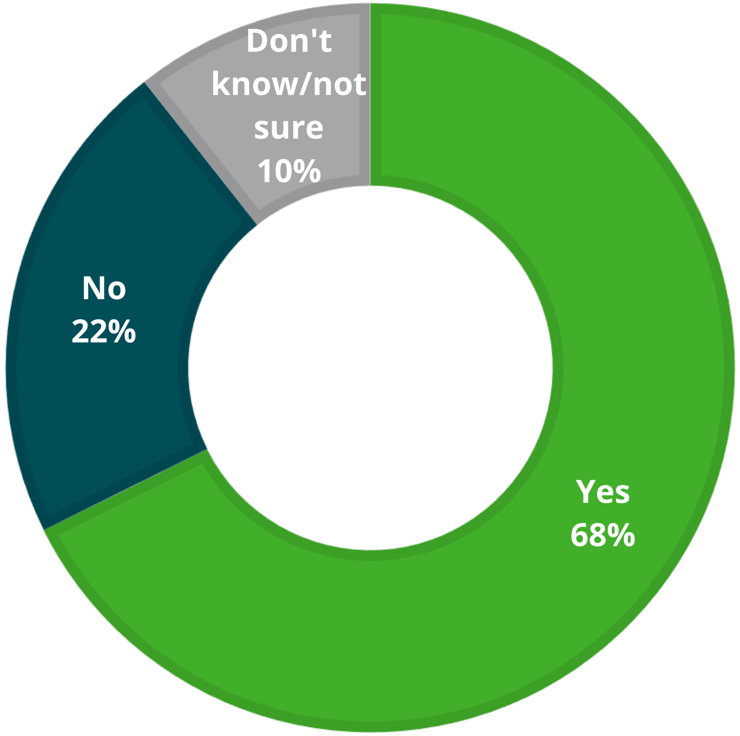
Q49: How interested are you in the following benefits of a connected vehicle if it meant sharing your own personally identifying data and/or vehicle/operational data with the manufacturer or a third party?
Q50: Are you willing to pay extra for these features?

Sample size: n= 864 [Q49]; 864 [Q50]

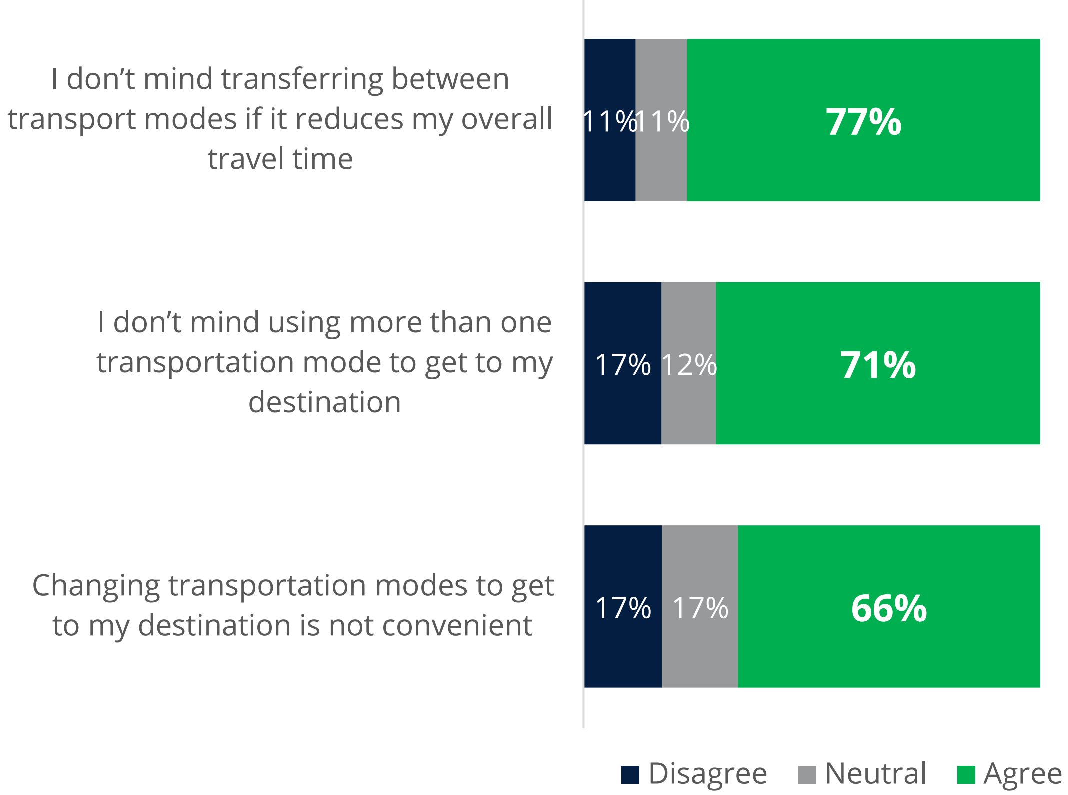
4 Shared mobility

Two-thirds of consumers are questioning whether they need to own a vehicle going forward based on their use of shared transportation modes. Three-quarters of consumers also don't mind transferring between transportation modes if it reduces their overall travel time.

Percentage of consumers questioning the need to own a vehicle in the future due to their use of shared transportation



Level of agreement or disagreement on shared transportation



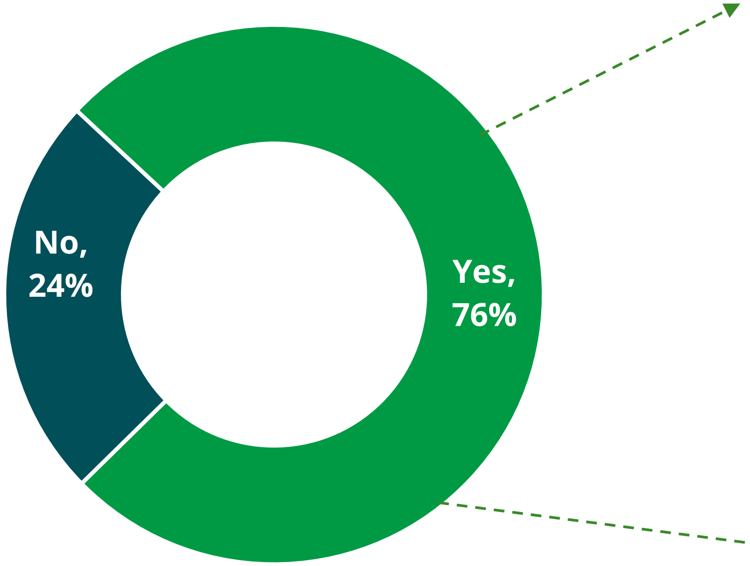
Q56: Does your use of shared transportation modes make you question whether you need to own a vehicle going forward? Q55: To what extent do you agree or disagree with the following statements?

Sample size: n= 949 [Q56]; 949 [Q55]

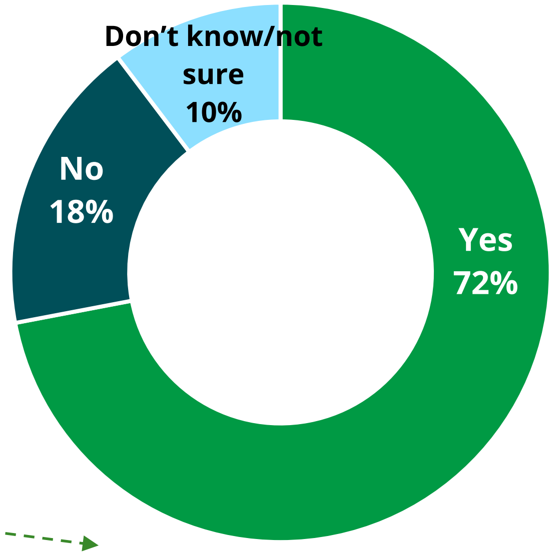
INDIA

Three-quarters of consumers are aware of mobility-as-a-service (MaaS)*. Among them, 7 in 10 said MaaS is available where they live but only 31% have used a MaaS app.

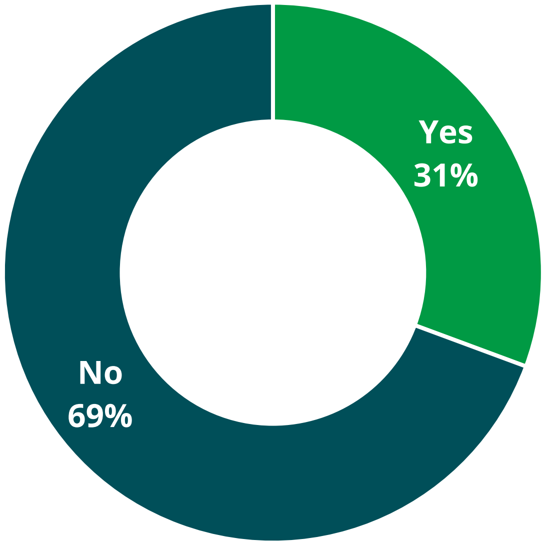
Have you heard of Mobility-as-a-Service (MaaS)?



Is MaaS available where you live?



Have you used an app for MaaS?



*MaaS is a smart mobility solution based on a smartphone that allows consumers to access and pay for various forms of shared transportation such as ride-hailing, car sharing, shared e-scooters, shared bicycles, and public transportation in one fully integrated mobility solution.

Q57: Have you heard about the concept of "mobility-as-a-service" (MaaS)?; Q58: Is this type of service available where you live?; Q59: Have you used this type of app?

Sample size: n= 1,000 [Q57]; 757 [Q58]; 757 [Q59]

INDIA

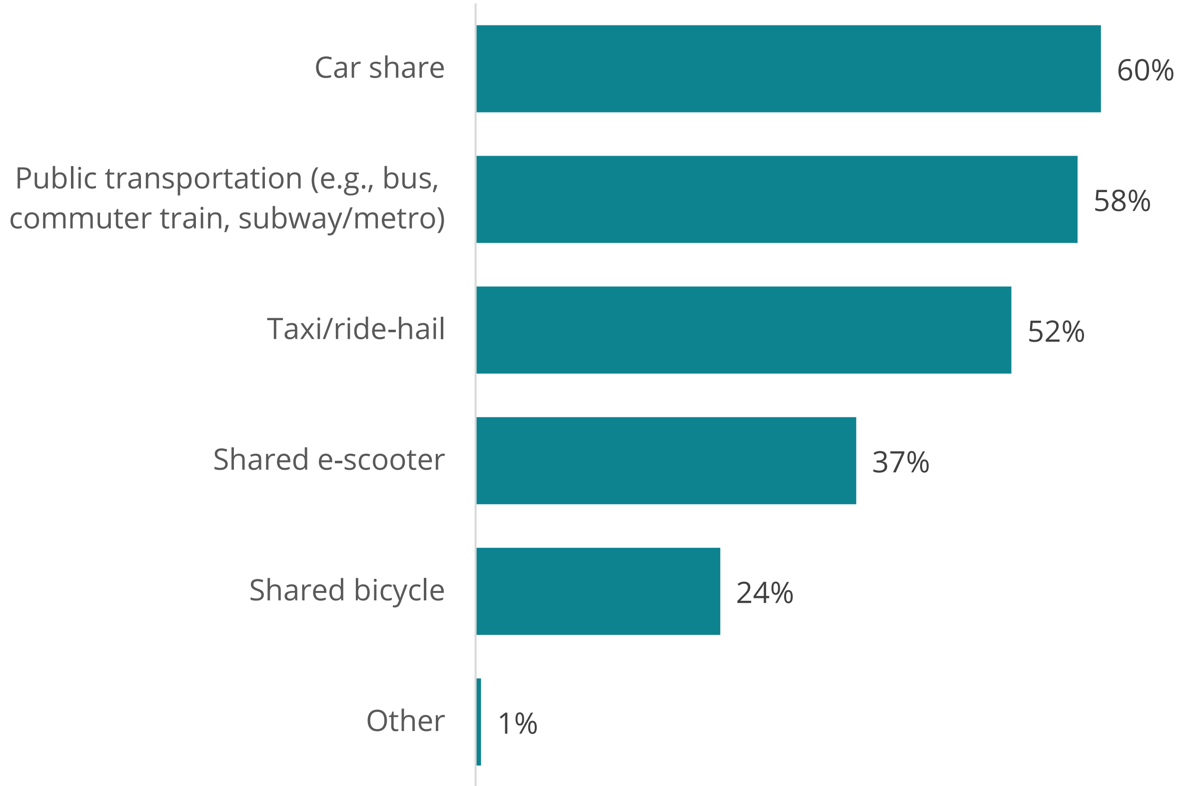
However, among those people who are aware of MaaS, 8 in 10 (primarily driven by younger and middle-aged consumers) show a willingness to adopt it as their primary transportation mode going forward.

82%

of consumers are willing to adopt MaaS as primary transport

Interest in MaaS as primary transport	
18-34	**83%**
35-54	**85%**
55 or above	**73%**

Shared transportation types to be included in MaaS



Q61: To what extent would you be willing to adopt a "mobility-as-a-service" solution as your primary form of transportation?; Q62: Which of the following shared transportation types are most important to include in a "mobility-as-a-service" app? Please select all that apply.

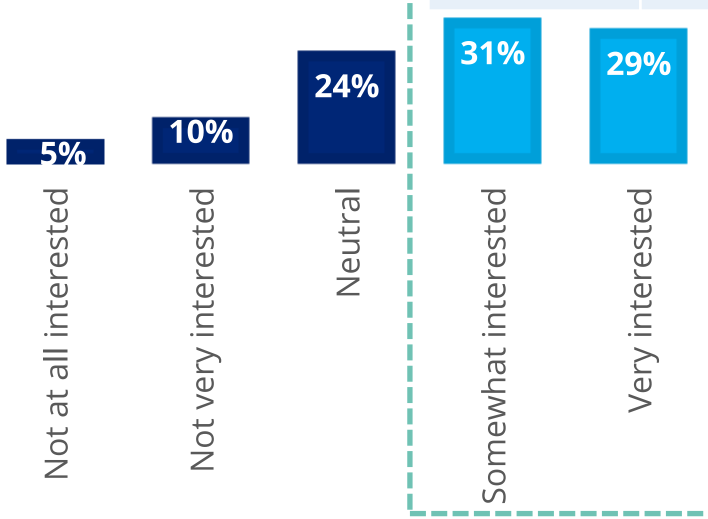
Sample size: n= 757 [Q61, Overall]; 343 [Q61, 18-34], 290 [Q61, 35-54], 124 [Q61, 55 or above]; 757 [Q62]

5 Vehicle subscriptions

Overall, 6 in 10 consumers are interested in giving up vehicle ownership in favor of a subscription service. For these consumers, cost control, convenience, availability of vehicles, and increased flexibility are the most important characteristics.

Interest in giving up vehicle ownership in favor of vehicle subscription

Giving up vehicle ownership for subscription	
Overall	**60%**
18-34	**67%**
35-54	**61%**
55 or above	**46%**



Important characteristics of a vehicle subscription	Overall	18-34	35-54	55 or above
Full cost control due to transparent and predictable fixed monthly fees	47%	47%	45%	49%
Increased flexibility	44%	45%	43%	44%
Availability of vehicles	44%	47%	40%	45%
Convenience	44%	45%	42%	43%
Home delivery services	39%	38%	41%	40%
Possibility to test new vehicles for a certain period without additional costs	39%	38%	39%	42%
Availability of complementary premium services	38%	41%	36%	36%
Possibility to subscribe to a vehicle segment (e.g., SUVs) instead of a specific model	37%	38%	34%	39%
Selection of brand new as well as certified pre-owned vehicles (for a comparable lower monthly rate)	37%	37%	36%	39%
Hassle-free online contract closing/ full digital customer experience	37%	36%	37%	39%
Possibility to subscribe to a specific model instead of a vehicle segment	36%	34%	39%	36%
Premium vehicles/brands offered	34%	34%	34%	37%
Possibility to exchange vehicles	33%	33%	34%	33%
Selection of only brand new vehicles	32%	34%	29%	36%

Top three characteristics

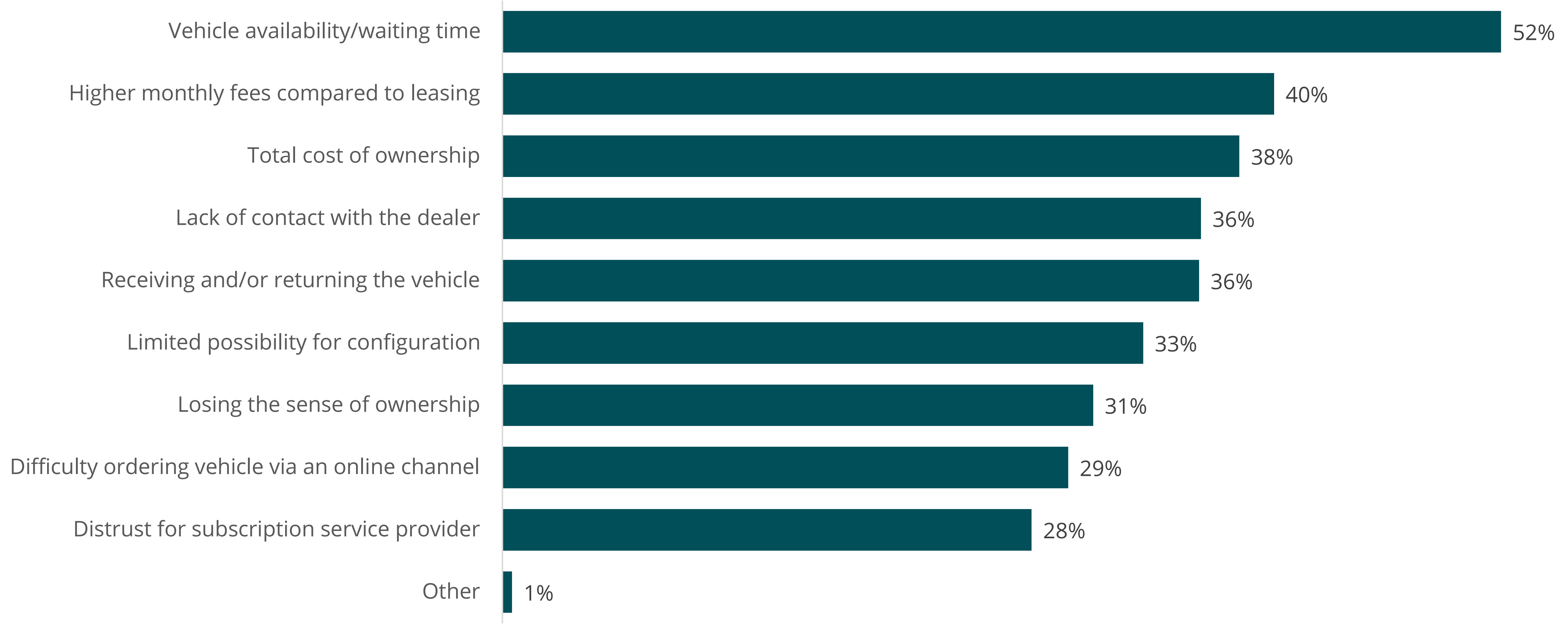
Q63: To what extent are you interested in giving up vehicle ownership in favor of subscribing to the use of a vehicle going forward?
Q64: What are the most important characteristics of a vehicle subscription? Please select all that apply.

Sample size: n= 1,000 [Q63, overall], 430 [Q63, 18-34], 377 [Q63, 35-54], 193 [Q63, 55 or above]; 606 [Q64, overall], 286 [Q64, 18-34], 231 [Q64, 35-54], 89 [Q64, 55 or above]

INDIA

On the other hand, vehicle availability, higher monthly fees, and total ownership costs are the main concerns consumers have regarding vehicle subscription services.

Main concerns regarding vehicle subscription services



Q65: What are your main concerns regarding vehicle subscription services? Please select all that apply.

Sample size: n= 1,000

INDIA

Vehicle subscription services focused on affordability may have room to grow in the market as nearly three-quarters consumers expect to pay less than INR 30,000 a month for their next vehicle.

Consumer expectation regarding monthly vehicle payment (by age group)

Monthly vehicle payment/subscription	Overall	18-34	35-54	55 or above
Less than 10,000 INR	18%	14%	17%	29%
10,000 INR to less than 20,000 INR	33%	34%	32%	33%
20,000 INR to less than 30,000 INR	22%	24%	21%	22%
30,000 INR to less than 40,000 INR	13%	12%	15%	9%
40,000 INR to less than 50,000 INR	8%	9%	9%	3%
50,000 INR or more	6%	6%	6%	4%

Q30 How much do you intend to spend on a monthly vehicle payment/subscription (including all bundled products)?

Sample size: n= 864 [Overall]; 366 [18-34], 339 [35-54], 159 [55 or above]

6 About the study

About the study

Survey timing

October 05 to October 12, 2023

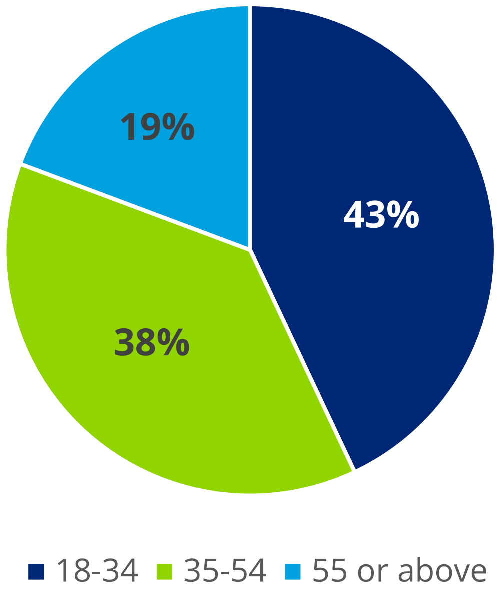
Sample

The survey polled a sample of 1,000 consumers in India. The survey has a margin of error for the entire sample of +/- 3.1%

Methodology

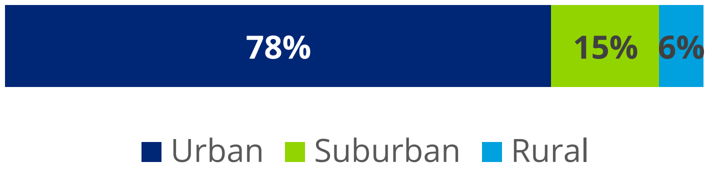
The study is fielded using an online panel methodology where consumers of driving age are invited to complete the questionnaire via email.

Age group



Gender

Location



Deloitte.

Contacts

Rajeev Singh
Automotive Leader, India
Deloitte Consulting LLP
rpsingh@deloitte.com

Ryan Robinson
Automotive Research Leader
Deloitte
ryanrobinson@deloitte.ca

Srinivasa Reddy Tummalapalli
Automotive Research Manager
sritummalapalli@deloitte.com

Dinesh Tamilvanan
Automotive Research Analyst
dinet@deloitte.com

Acknowledgments

We would like to thank Srinivasarao Oguri, Rohith Reddy Alluri, Chris Barber, and Kelly Warner for their important contributions to the research.