

# AUTOMOBIL ES



## Automobile Sector - Overview

Industry Size, Segments, Regional Clusters, Key Players, Trends, Sales figures, Market Share, Marketing Spend

# Automobile industry

- #1** three-wheeler market in the world
- #1** two-wheeler market in the world
- #7** largest passenger car market in the world
- #1** tractor market in the world
- #4** largest commercial vehicle market in the world
- #5** largest bus and truck segment in the world
- #3** largest exporter of passenger cars in Asia

FY 2016 (E)  
Market Size  
USD 145  
Billion

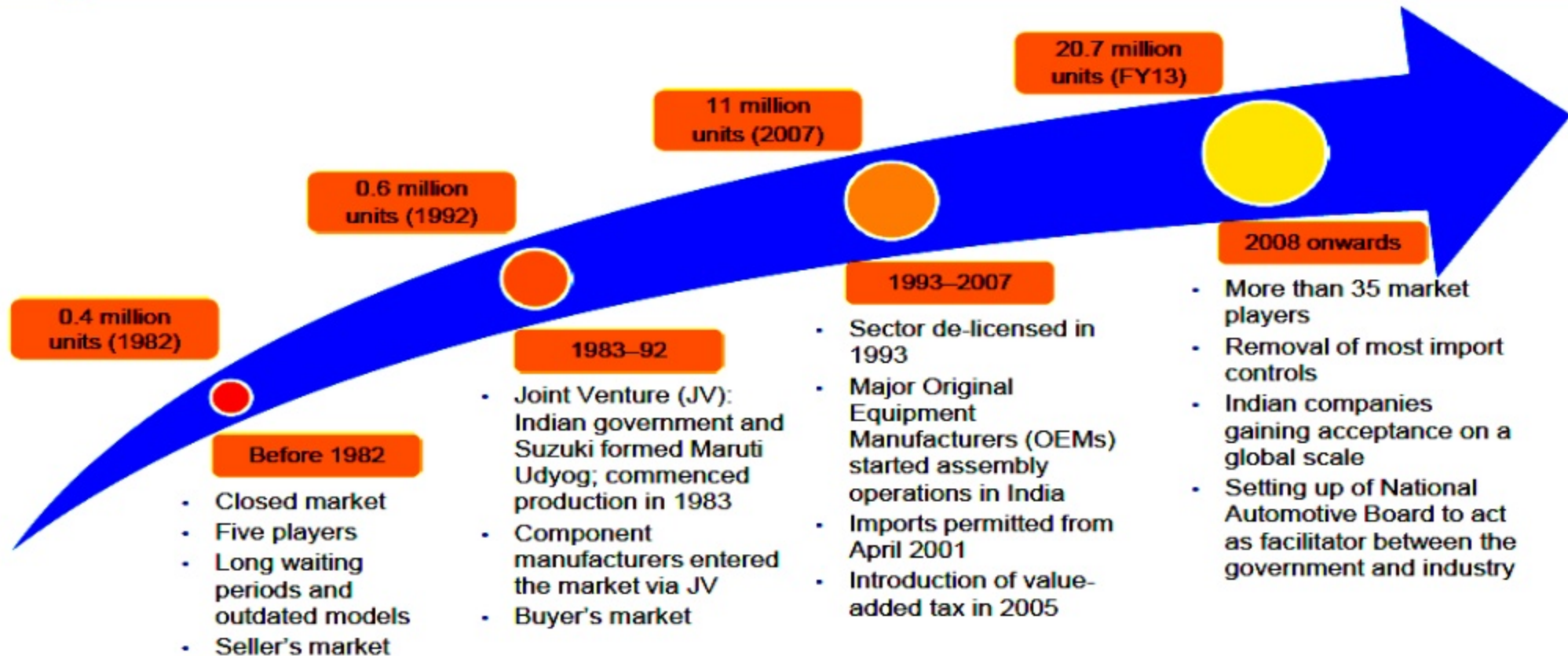


Growth



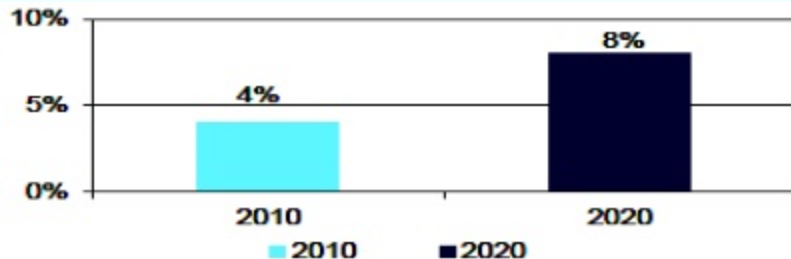
FY 2011  
Market size  
USD 58.6  
Billion

# Evolution of The Indian Automotives Sector



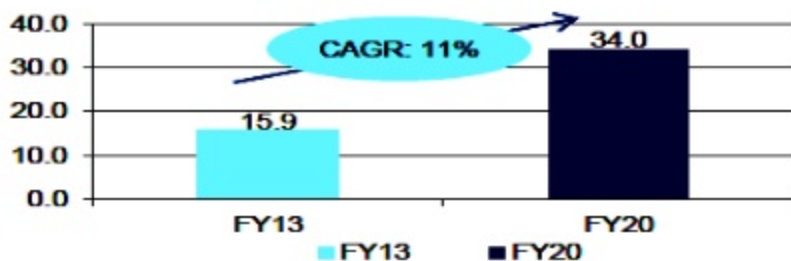
# Automobile industry

Third-largest automobile industry by 2016E



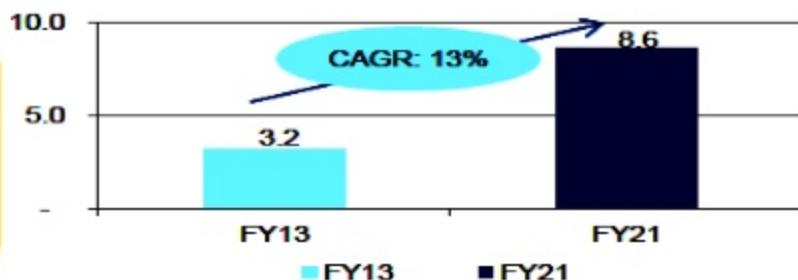
By 2020, India's share in the global passenger vehicle market to double to 8 per cent from 4 per cent over 2010–11

World's second-largest two wheeler manufacturer



Two-wheeler sales to rise from 15.9 million in FY2013 to 34.0 million by FY2020E

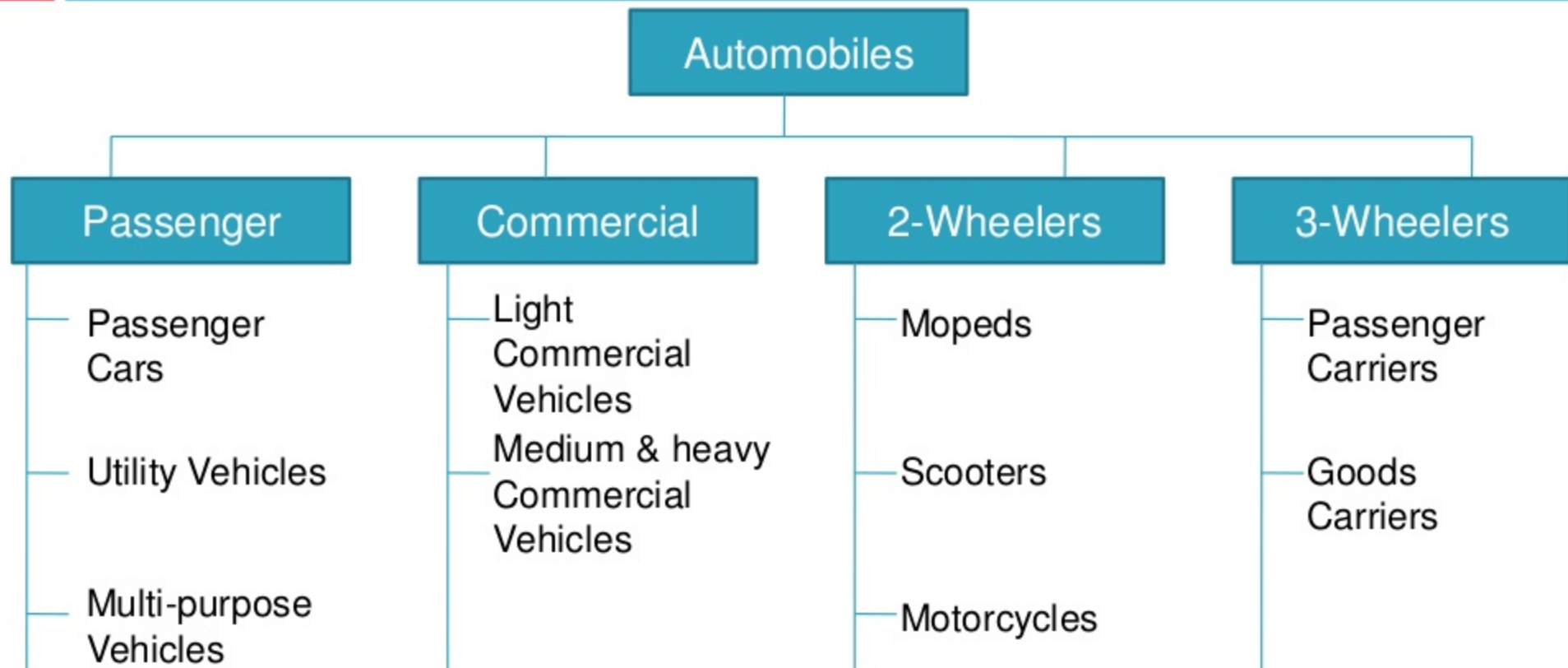
Passenger vehicle sales to nearly triple by 2020E



Passenger vehicle sales to increase from 3.2 million in FY2013 to 8.6 million in FY2021E



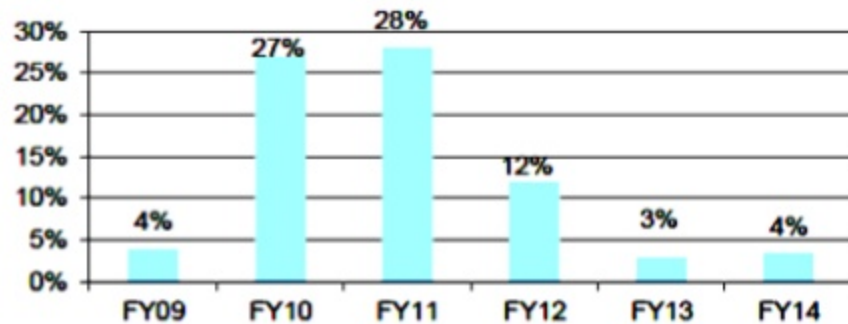
# Segments



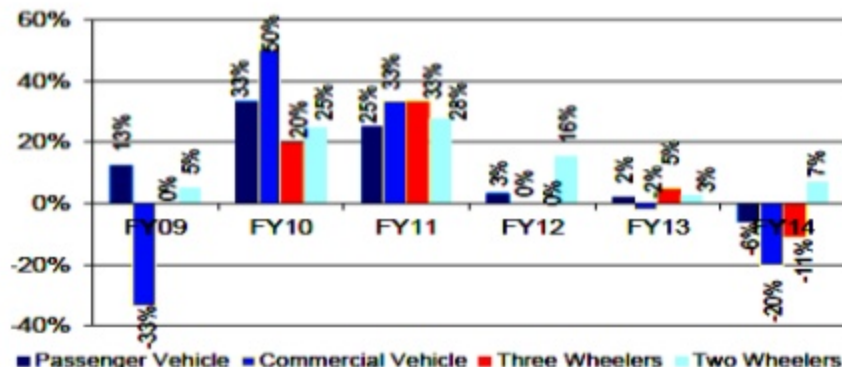
# Year 2014

- Auto sales across categories domestically rose by 3.53 per cent in FY14
- Passenger vehicles declined by 6.05 per cent in FY14
- Passenger car segment declined by 5.01 per cent
- SUVs declined by 19.58 per cent
- Commercial vehicles declined by 20.2 per cent
- LCVs declined by 17.6 per cent
- MCVs and HCVs declined by 25.3 per cent
- Three wheelers declined by 10.9 per cent in FY14
- Two-wheelers registered a growth of 7.31 per cent during FY14
- Car sales rose 3 per cent following a stable government in the center

Growth in sales

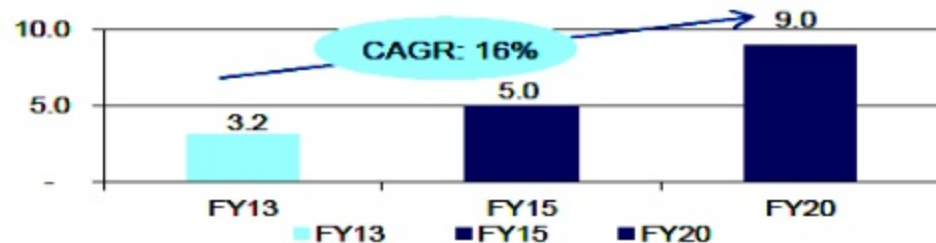


Growth for the auto segment

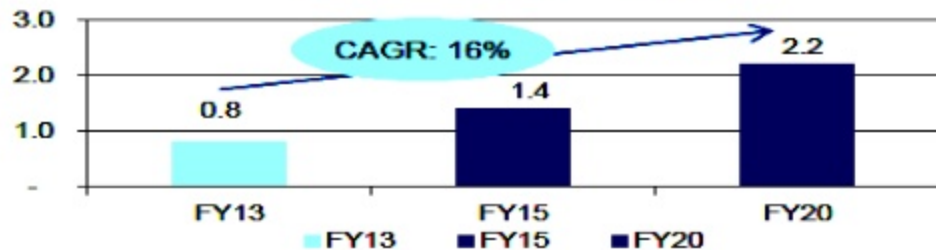


# Vision 2020

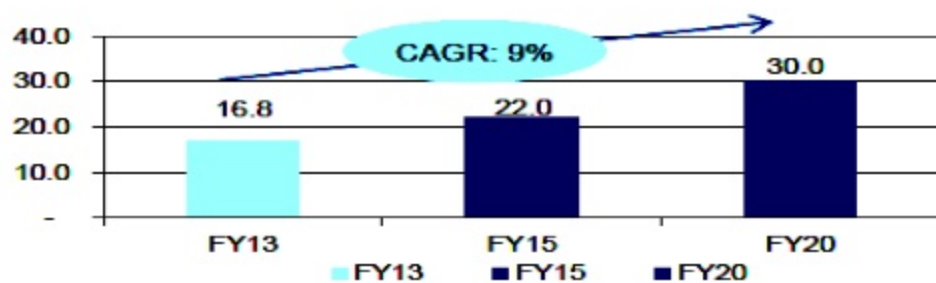
Passenger vehicles to increase at a CAGR of 16 per cent during FY2013–20



Commercial vehicles expected to register a CAGR of 16 per cent during FY2013–20



Two and three wheelers projected to expand at a CAGR of 9 per cent during FY2013–20





# Notable trends in Indian Automotives sector

## New product launches

- Large number of products available to consumers across various segments; this has gathered pace with the entry of a number of foreign players
- Reduced overall product lifecycle have forced players to employ quick product launches

## Improving product-development capabilities

- Increasing R&D investments from both the government and the private sector
- Private sector innovation has been a key determinant of growth in the sector; two good examples are Tata Nano and Tata Pixel; while the former has been a success in India, the latter is intended for foreign markets

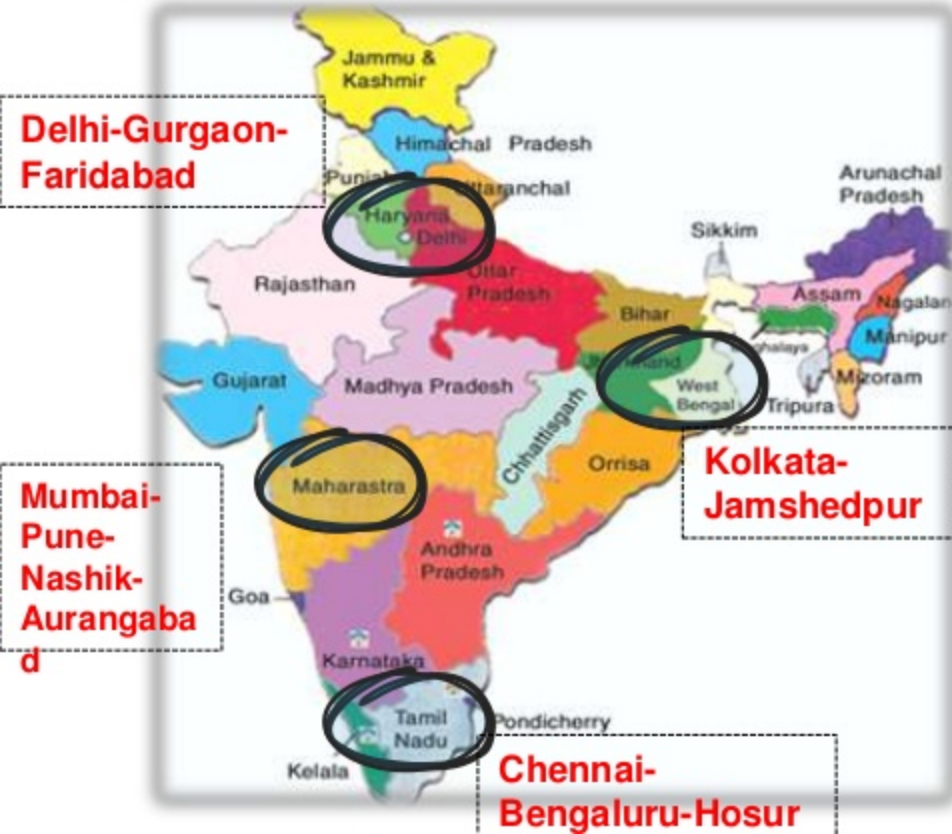
## Alternative fuels

- In FY11, the CNG market was worth more than USD330 million; CNG cars and taxis are expected to register a CAGR of 28 per cent over FY11–FY14
- The CNG distribution network in India is expected to increase to 250 cities by 2018 from 30 cities in 2009

## New financing options

- Carmakers such as BMW, Audi, Toyota, Skoda, Volkswagen and Mercedes-Benz have started providing customised finance to customers through NBFCs
- Major MNC and Indian corporate houses are moving towards taking cars on operating lease instead of buying them

# Automotive clusters in the country



**North**

Swaraj Mazda . Amtek Auto . Eicher Motors .  
Honda Cars . Maruti Suzuki . Hero Group . General  
Motors . Ford . Volvo Auto . Hyundai . BMW .  
Yamaha . Mitsubishi . Chevrolet . Escorts . Rolls  
Royce . Harley Davidson . Scooters India . New  
Holland . Sonalika . JCB India . Caparo . Suzuki  
India . Kamaz . Vectra . Ferrari . Michelin .  
Force Motors . Piaggio . Tata Motors . Bajaj Auto .

**West**

Fiat India . Mahindra & Mahindra . Skoda .  
Volkswagen . Bharat Forge . Mercedes Benz . Audi  
M&M Ssangyong . Jaguar . Land Rover . Premier  
Ceat . Kinetic . Porsche . Lamborghini . John  
Deere . Cummins . Atul Auto . Greaves . PSA  
Peugeot Citroen . AMW . Hino . Bentley

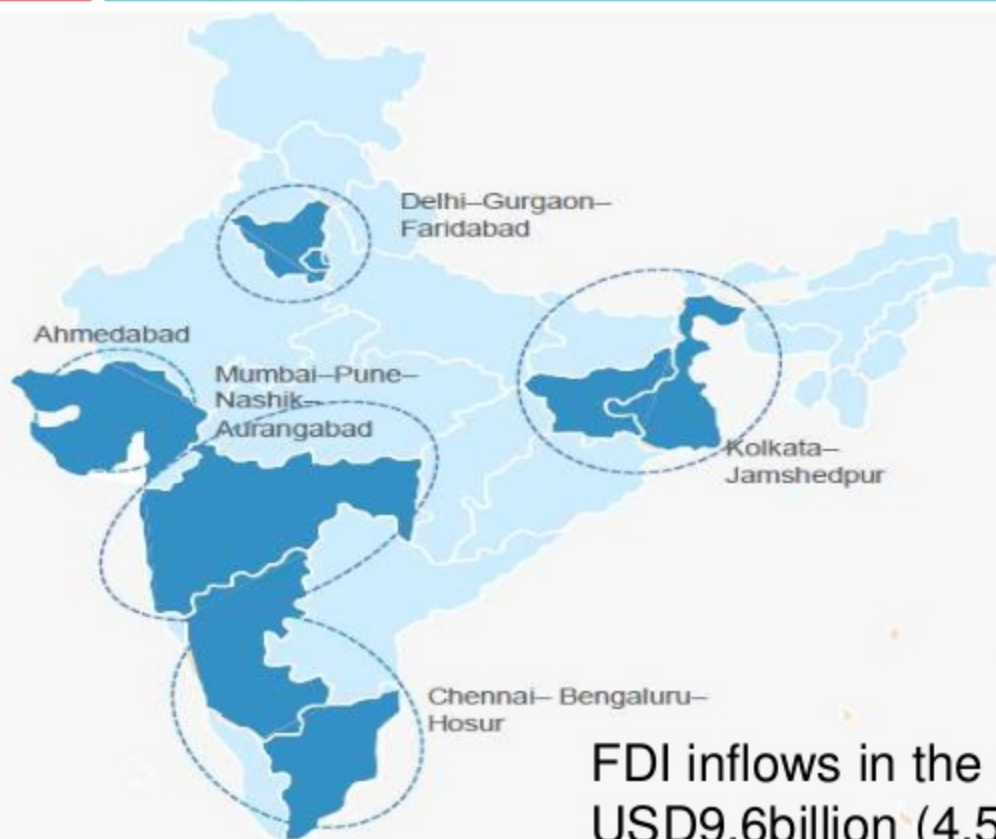
**East**

Exide Industries . JK tyres

**South**

Ashok Leyland . Renault . Nissan . Hindustan  
Motors . Simpson & Co . Ford Motors . Toyota  
Kirloskar . Volvo Trucks . Sundram Fasteners .  
Royal Enfield . Bosch India . TVS . Bharat Benz .  
Tafe . Apollo tyres . MRF . Same Deutz-FAHR .  
HMT India . Hitachi . Kobelco . Wirtgen . Caterpillar  
India . Scania . Isuzu

# FDI Inflow in the Automotives Sector



FDI trends over the past few years  
(USD billion)

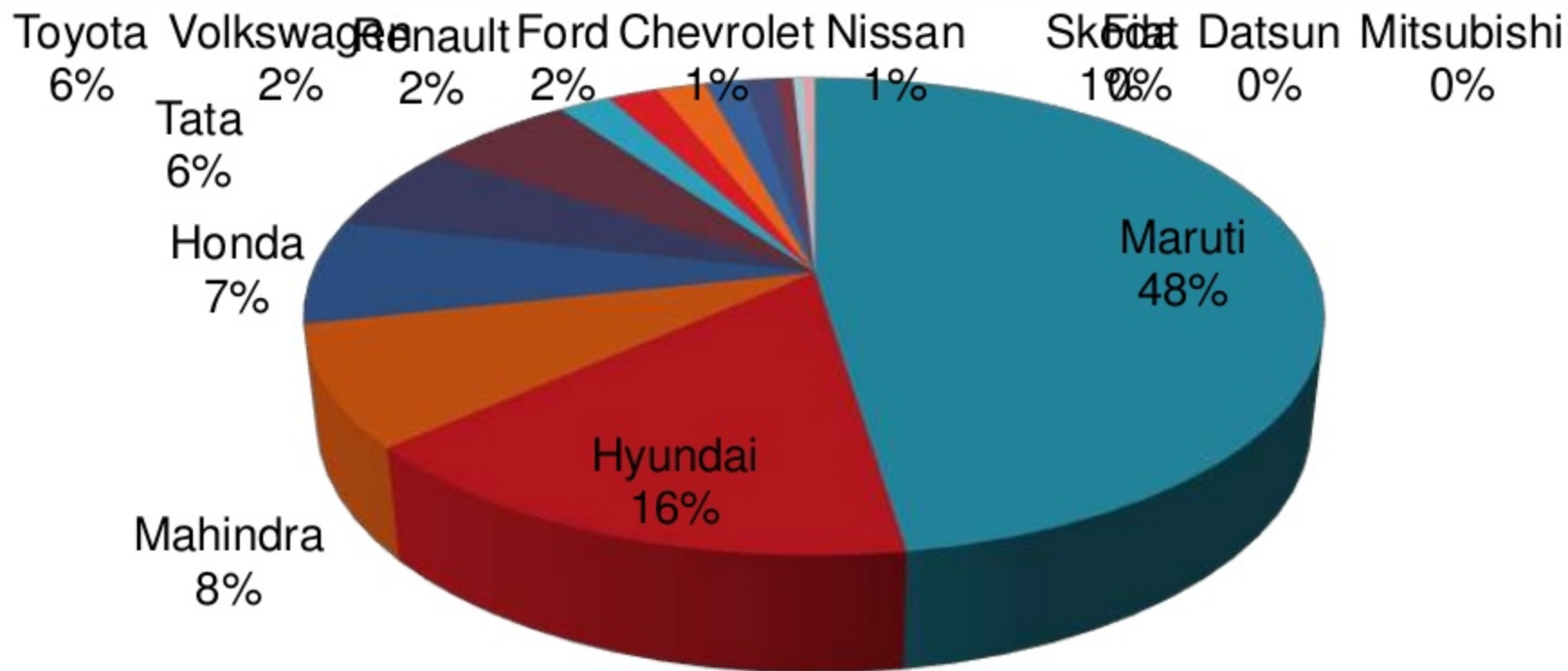


Source: Department of Industrial Policy & Promotion (India), Aranca Research  
Note: FY14\* - April to February (11 months only)

FDI inflows in the automotives sector aggregated USD9.6billion (4.5 per cent of the total FDI) over April 2000 –



# Market share 2014



# Marketing spend – top players

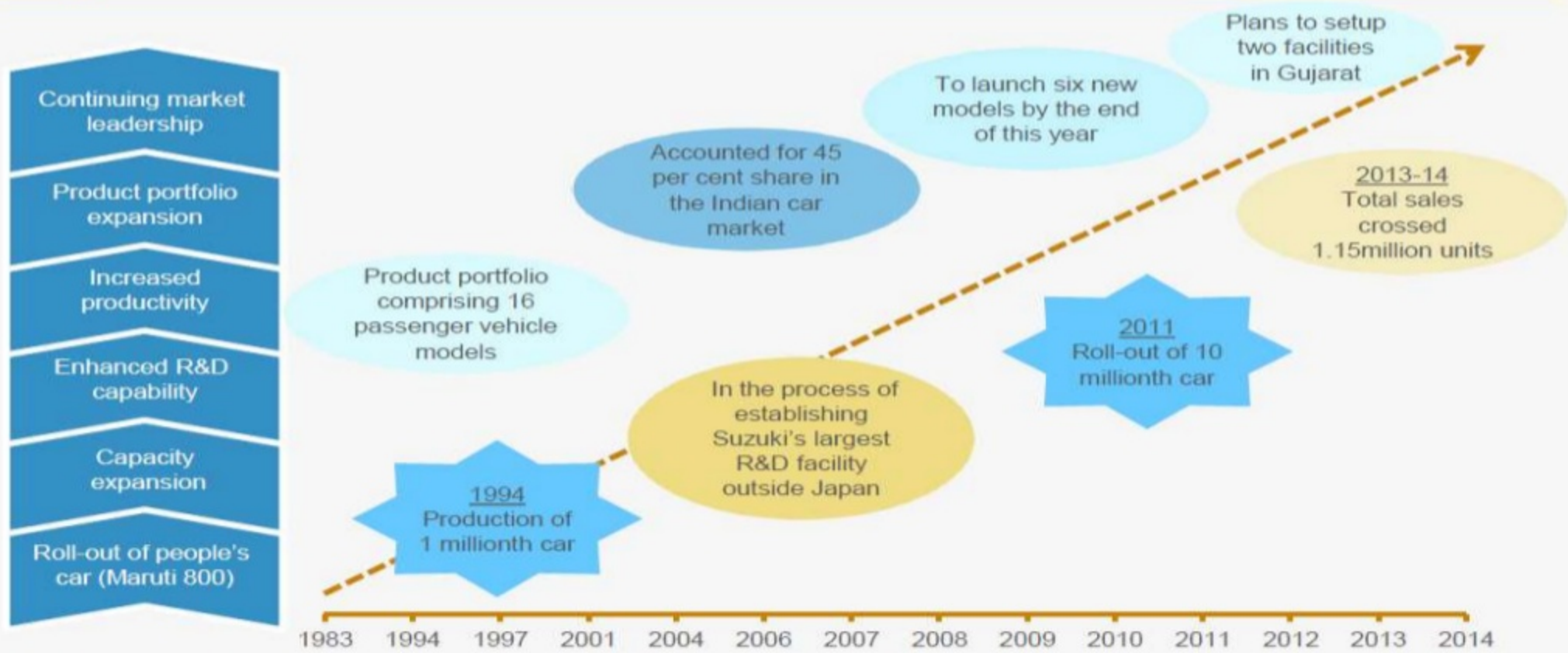
Medium	Top Spenders	Remarks
Television	Tata Motors, Hero Motocorp, Hyundai, M&M, TVS, Maruti, Honda, General Motors, Exide, Volkswagen	Top 10 advertisers contributes 68% share of Auto Sector Advertising on TV medium
Print	Tata Motors, Maruti, Hero, General Motors, M&M, Toyota, Hyundai, TVS, Ford, Volkswagen	Top 10 advertisers contributes 73% share of Auto Sector Advertising on print medium
Radio	Tata Motors, Hero, Bajaj, Honda, TVS, Mahindra	Not witnessed much national level campaigns, regional spends.
OOH	Tata, Maruti, Mahindra, Toyota, Volkswagen	Dealer driven & 360 degree campaign launches
Digital Advertising	Maruti, Toyota, Ford India, Mahindra, Volkswagen, Hyundai	All brands are allocating 10-15% of their above the line marketing budget on this medium.
Below the line	All Mass & key luxury players	Most of the mass brands have allocated 20-25% of total marketing budget on this



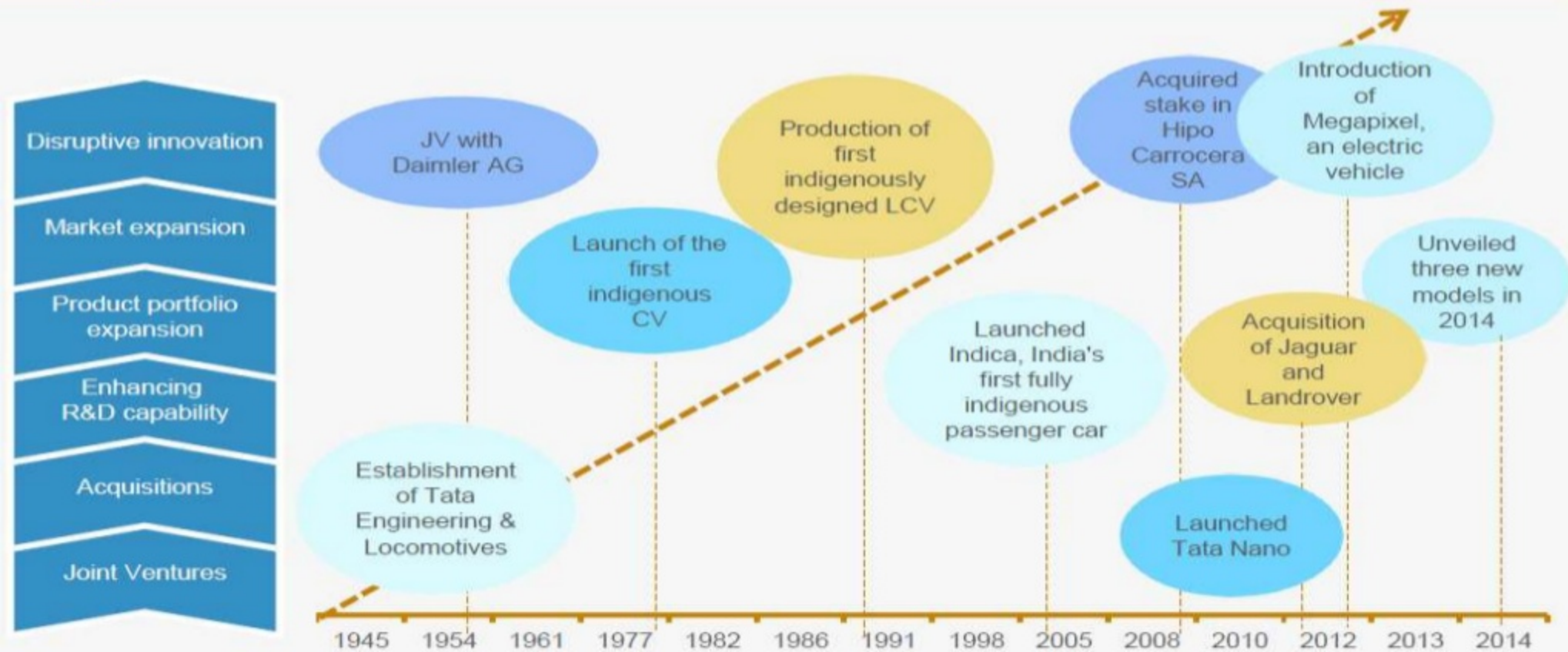


SUCCESS STORIES

# Maruti Suzuki: Continuing to remain Market Leader



# Tata Motors: Leading in terms of Innovation & Global presence

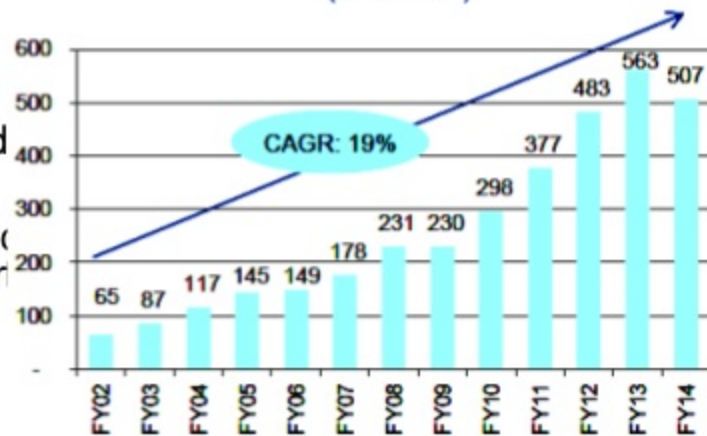




# M&M: Sales down, Hopeful for future

- M&M has been the market leader in utility vehicles in India for over 50 years since building the first Willys jeep in 1947
- Manufactures passenger vehicles, utility vehicles, light commercial vehicles (including three-wheelers)
- Produces 15 passenger vehicle models and 8 commercial vehicle models noteworthy among which are Scorpio, Thar, Xylo, XUV 500
- Global player in exporting products to several countries in North America, Europe, Africa, South America, South Asia, and the Middle East; exported 32,457 units in FY13
- Recorded four wheeler revenue of USD3.3 billion in FY13
- Launched Verito Refresh, Quanto, and Rexton in FY2013
- Sluggish industrial activity, strict financing environment hurt sales sentiments
- In 2013, inked a partnership with online shopping portal Snapdeal.com to sell its two-wheelers
- In 2014, company sales were down by 9.97 per cent, with the same period previous fiscal, deteriorating consumption and investment demand remains to be a key concern

M&M auto sales – domestic and export  
('000 units)



# Luxury Cars gaining traction in India

## Scenario

The Indian luxury car market expanded at a CAGR of 30 per cent, with 23,000 units in 2011 (about 1 per cent of the passenger vehicle market in India). The market is dominated by players such as BMW, Mercedes, Audi, Jaguar. Audi sold 10,126 units in 2013-14, remaining the biggest luxury car seller over Mercedes-Benz which sold around 9,003 cars in calendar year 2013

## Key drivers

India has the world's 12<sup>th</sup>-largest HNI population, with a growth of 20.8 per cent (highest among the top 12 countries)

With expansion in the education and realty sectors, and increasing wealth of IT professionals, more consumers aspire to own luxury cars

Affluent class of the country is driving the demand of the luxury cars

## Notable trends

The Indian luxury car market is estimated to expand at a CAGR of 25 per cent during 2012-20 and reach 150,000 units by 2020 (accounting for 4 per cent of the estimated 6.8-million-unit domestic car market)

The luxury SUV segment is growing at about 50 per cent, while luxury sedans are increasing at 25-30 per cent

Audi to launch A3 sedan later in the year





# BMW

Brand, Tagline, Positioning, Communication Strategy, Target Group, Product Line & Price Point, Sales Performance, Competitor Analysis, Above the line & Below the line campaigns

# Brand - BMW

- BMW was founded by Karl Friedrich Rapp in 1913, under the name of BFW (Bayerische Flugzeug-Werke)
- The headquarters of BMW Group is in Munich, Germany and group employs more than 1 lacks employees in more than 40 countries.
- The brand will celebrate 100<sup>th</sup> year anniversary in 2016 – **Official birthday date March 7, 1916 (Global) and will be celebrating 10<sup>th</sup> year anniversary in India.**
- The parent company of BMW MINI and Rolls Royce car brands.
- **Slogans-** “The Ultimate Driving Machine” and “Sheer Driving Pleasure”
- BMW India is 100% Subsidiary owned by BMW Group
- Founded in India in 2006
- Headquartered at Gurgaon and assembly plant in Chennai with 650 employees
- Leading market player in Luxury Car Industry in India
- The BMW Group introduced Mini marque in India in January 2012 with the launch of MINI Hatch, Convertible and Countryman.