



KEN RESEARCH

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India Used Car Industry Outlook to 2018

- Shifting Focus of Key Automakers on
Used Car Business

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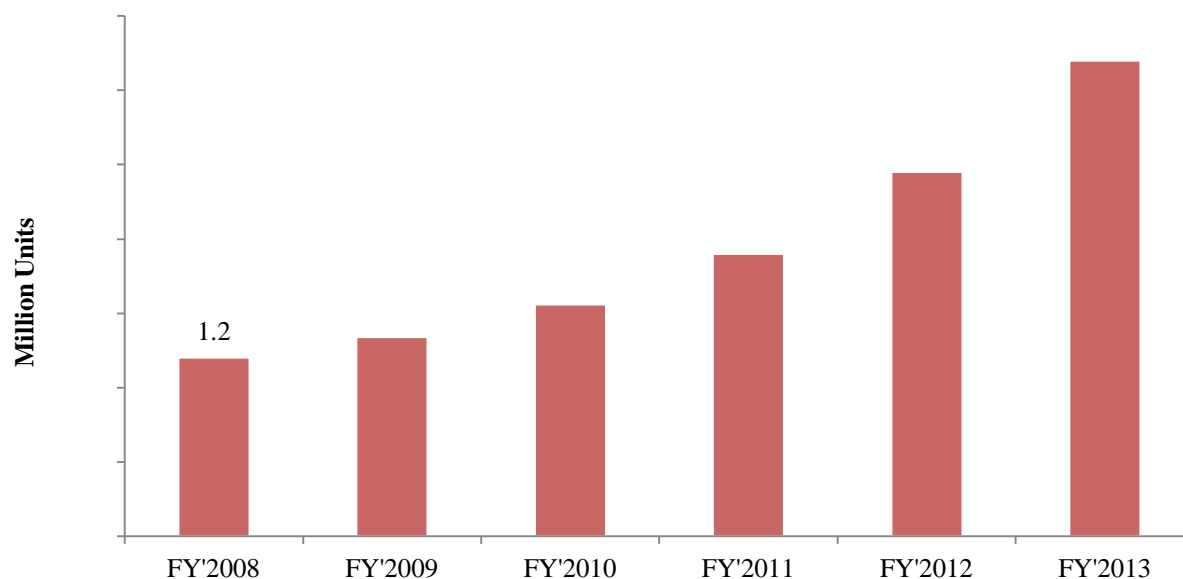
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INDIA USED CAR MARKET SIZE, FY'2008-FY' 2013

BY VOLUME, FY'2008- FY'2013

India's used car market has been subject to several changes over the years due to the entrance of new players and as a result there has been a shift in the way this market has been functioning. India's used car market has grown at a compound annual growth rate of nearly 21.8% in terms of the volume of used cars sold during the period FY'2008 to FY'2013...

Figure: India Used Car Market Size by Number of Cars Sold in Million Units, FY'2008 – FY'2013



BY VALUE, FY'2008-FY'2013

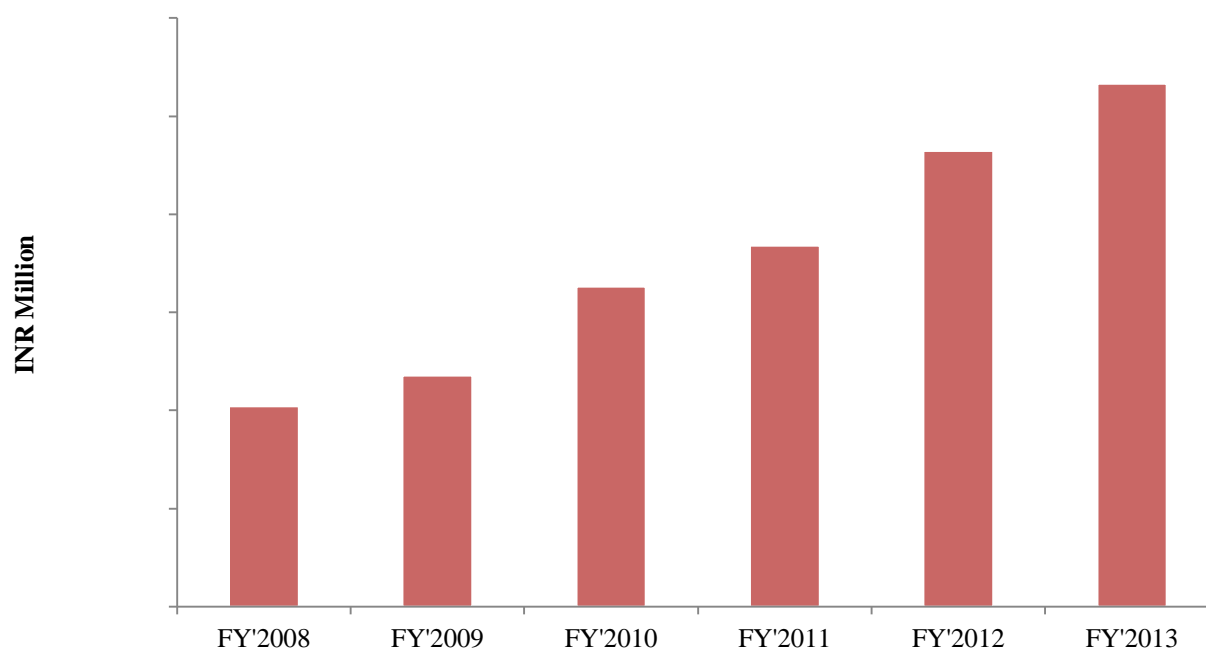
The domestic used car market has been constantly evolving and even though most of the major players have made their entry in the used car segment of the industry, many carmakers are still to

“ The used car sales in India at ~ million vehicles which are approximately ~ times the sales in the new-car segment as recorded in FY'2013. ”

realize the potential of this market. Once they do, the used car market will expand further. In fact, a few auto makers have started making it mandatory for their wholesalers to operate used car outlets where multiple numbers of brands will be on

exhibition. The used car sales in India at 3.22 million vehicles which are approximately ~ times the sales in the new-car segment as recorded in FY'2013...

Figure: India Used Car Market Size by Revenue Generated in INR Million, FY'2008 – FY'2013



INDIA USED CAR MARKET SEGMENTATION

BY ORGANIZATIONAL STRUCTURE

BY VOLUME, FY'2008-FY'2013

The Indian used car market is in a very nascent stage and dominated by the unorganized sector. A total of 3.2 million used cars were sold in India in FY'2013 and out of that nearly ~cars were sold in the unorganized segment of the market the rest by the organized sector. The unorganized sector does not have a definite structure which makes it unreliable and as a result the organized sector is more credible from the point of view of the consumer...

Figure: India Used Car Market Segmentation by Unorganized and Organized Market Structure on the Basis of Volume Contribution in Percentage (%), FY'2008-FY'2013

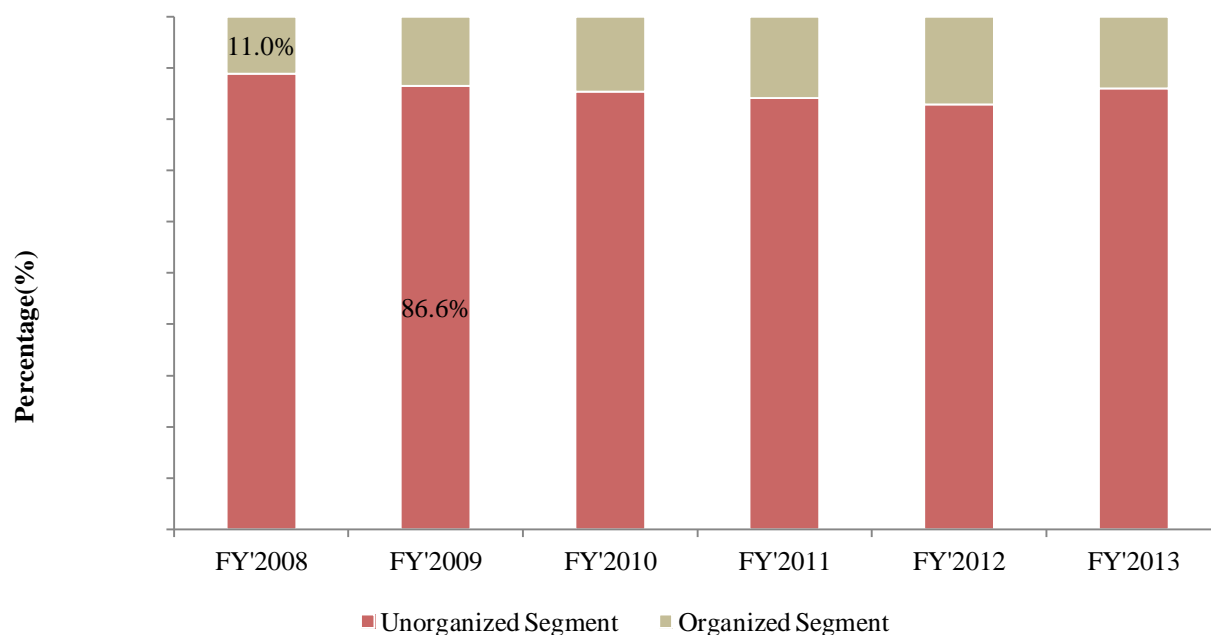


Table: India Used Car Market Segmentation by Unorganized and Organized Market Structure on the Basis of Number of Cars Sold in Million Units, FY'2008-FY'2013

Organizational Structure	FY'2008	FY'2009	FY'2010	FY'2011	FY'2012	FY'2013
Unorganized Sector	1.1					
Organized Sector						
Total						

BY TYPES OF USED CARS BY VALUE AND VOLUME, FY'2013

BY VALUE, FY'2013

The used car market in India can also be segmented into four major categories of cars. As per industry standards, the A segment consists of entry-level cars with length under 3.6 meters and B segment consists of compact cars with length under 4 meters. Both A and B segments contributed nearly ~% to the revenue generated by the used cars in India, as recorded in FY'2013. The average ticket price of used cars under both A and B segments together is nearly INR ~...

Figure: India Used Car Market Segmentation by Types of Cars on the Basis of to Revenue Contribution in Percentage (%), FY'2013

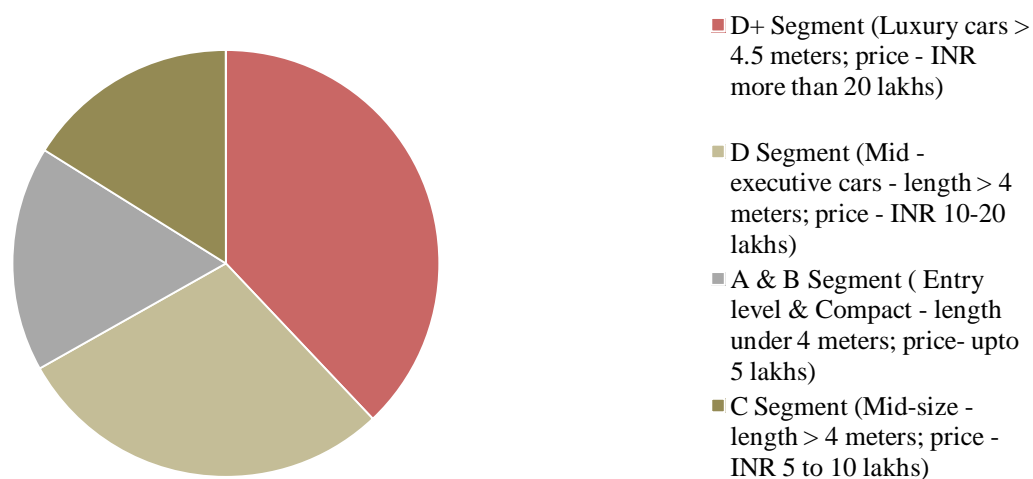


Table: India Used Car Market Segmentation by Types of Cars on the Basis of Revenue Generated in INR Million, FY'2013

Types of Used Cars	Revenue Generated (INR Million)
D+ Segment (Luxury Cars)	
D Segment (Mid - Executive Cars)	
A & B Segment (Entry level & Compact Cars)	
C Segment (Mid – Size Cars)	
Total	

BY TYPE OF DISTRIBUTION CHANNELS, FY'2013

The used car market in India can be segmented into a number of distribution channels. These distribution channels facilitate the circulation of used cars from sellers to buyers within the market. Each of these channels may follow a different method of circulating their products and hence they can be categorized as follows:

- Consumer to Consumer (C2C) distribution channel,
- Business to Business (B2B) distribution channel,
- Business to Consumer (B2C) distribution channel, and
- Companies to Companies distribution channel.

Not until 2001, the C2C channel controlled over ~% of the used car sales and this was the case before any of the organized players entered the used car market in India. However, the grip of the C2C channel over this market has weakened slightly over the recent few years and is expected to decline further after the structural changes that the used car market is currently undergoing...

Figure: India Used Car Market Segmentation by Types of Distribution Channels on the Basis of Contribution to Revenue in Percentage (%), FY'2013

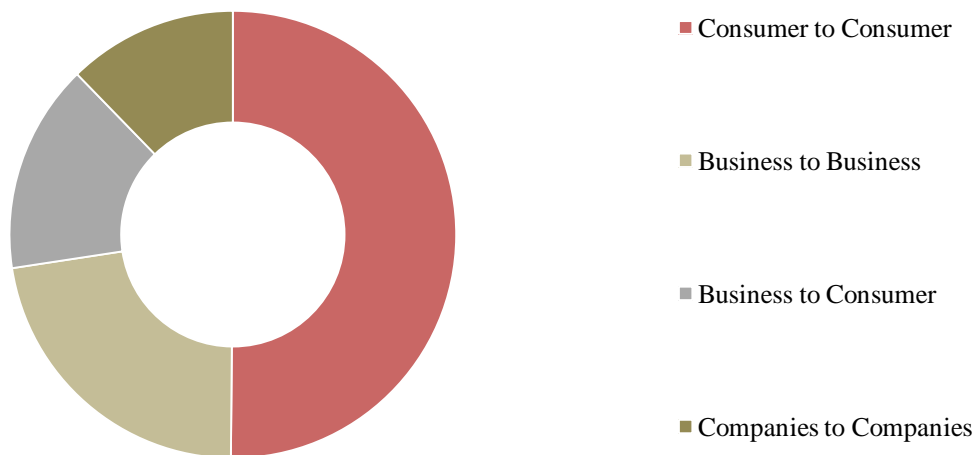


Table: India Used Car Market Segmentation by Types of Distribution Channels on the Basis of Revenue Generated in INR Million, FY'2013

Types of Distribution Channels	Revenue Generated (INR Million)
Consumer to Consumer	
Business to Business	
Business to Consumer	
Companies to Companies	
Total	

BY TYPE OF MARKETING CHANNELS, FY'2013

The used car market in India can also be segmented according to the channels through which marketing is carried out for the sale and purchase of cars. In order to make sure that the right information regarding the value and history of a used car is properly communicated to the buyer; proper channels must be utilized by dealers to deliver the information

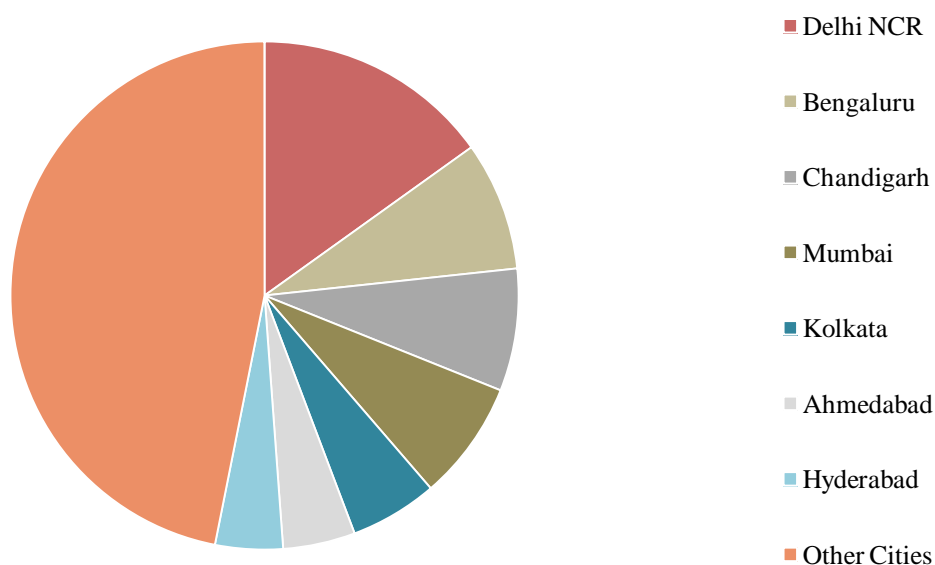
Table: India Used Car Market Segmentation by Types of Marketing Channels on the Basis of Revenue Generated in INR Million, FY'2013

Types of Marketing Channels	Revenue Generated (INR Million)
Multi Brand Showrooms	
Online Auto Portals	
Others (such as Word-of-Mouth Channels)	
Total	

BY MAJOR CITIES IN INDIA BY VOLUME, FY'2013

The market for used cars in India can also be segmented amongst the major cities of India. Most of the used car buyers are from cities such as Delhi, Mumbai, Bengaluru, Mumbai and Chennai. The Delhi NCR region witnessed the highest volume of used car sales accounting for approximately ~% of the total volume sold as in FY'2013. After Delhi NCR, comes Bengaluru which had a share of almost ~% of the total volume of used cars sold in FY'2013.

Figure: India Used Car Market Segmentation by Major Cities in India on the Basis of their Contribution to Volume in Percentage (%), FY'2013



MARKET SHARE OF MAJOR PLAYERS IN THE USED CAR MARKET IN INDIA

BY VOLUME, FY'2013

The major market players in the used car market in India at present are Maruti, Tata, Mahindra, Hyundai, Honda and Toyota. These players are a part of the organized sector and over the years, they have been expanding rapidly in the used car segment of the industry. Maruti was the first among the rest of the players to enter the used car market in 2001 with the launch of Maruti True Value.

Table: Market Share of Major Players in India Used Car Market on the Basis of Contribution to Volume in Percentage (%), FY'2013

Leading Used Car Companies in India	Market Share (%)
Maruti True Value	
TATA Motors Assured	
Mahindra First choice	
Hyundai Advantage	
Honda Auto Terrace	
Toyota U Trust	
Carnation	
Others	
Total	100.0%

Table: Number of Cars Sold by Major Players in Used Car Market in India, FY'2013

Leading Used Car Companies in India	Number of Used Cars Sold in FY'2013
Maruti True Value	
TATA Motors Assured	
Mahindra First choice	
Hyundai Advantage	
Honda Auto Terrace	

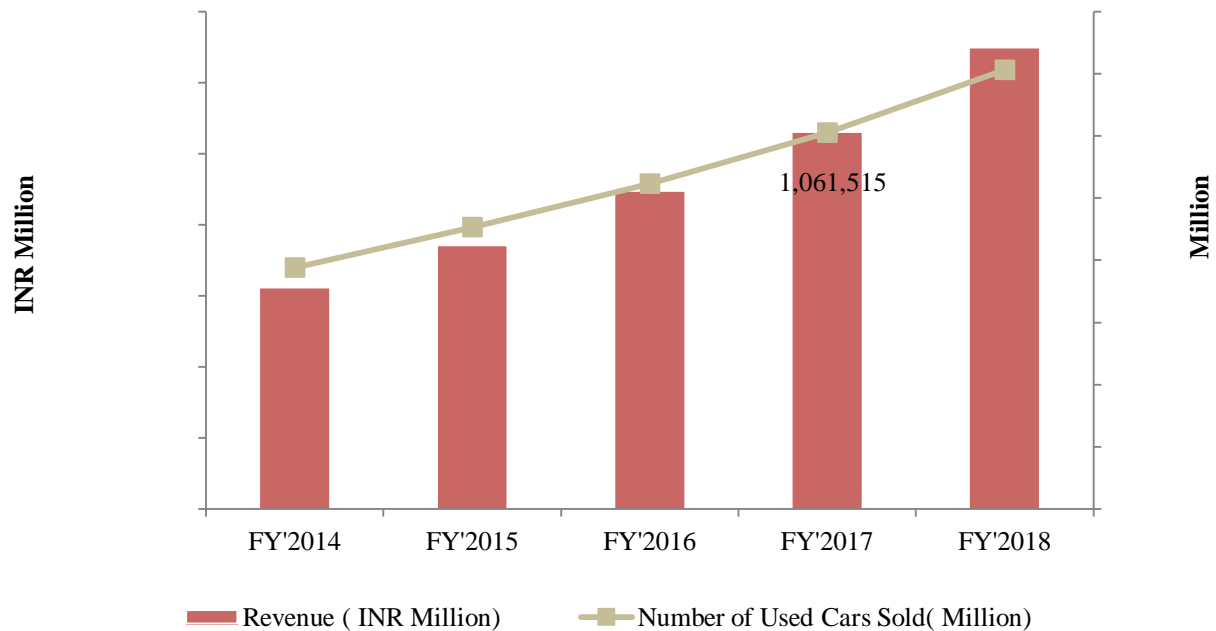
Toyota U Trust	
Carnation	
Others	
Total	

INDIA USED CAR MARKET FUTURE OUTLOOK AND PROJECTIONS, FY'2014-FY'2018

In tandem with the escalating growth of the car market in the country, used car sales have also showcased inclining trend over the last few years. With car makers focusing on used-car business in India, the percentage buyers of new vehicles considering buying pre-owned vehicle during their shopping process increased has inclined by 10% in the past 3 years. The major automakers in the country have been increasingly focusing on

In terms of value, the industry is expected to grow at a rate of 19.5% over the period FY'2013-FY'2018 with the revenue reaching to INR ~million by FY'2018 from INR ~ million in FY'2013.

Figure: India Used Car Market Future Projections by Revenue in INR Million and Number of Used Cars Sold in Million, FY'2014-FY'2018

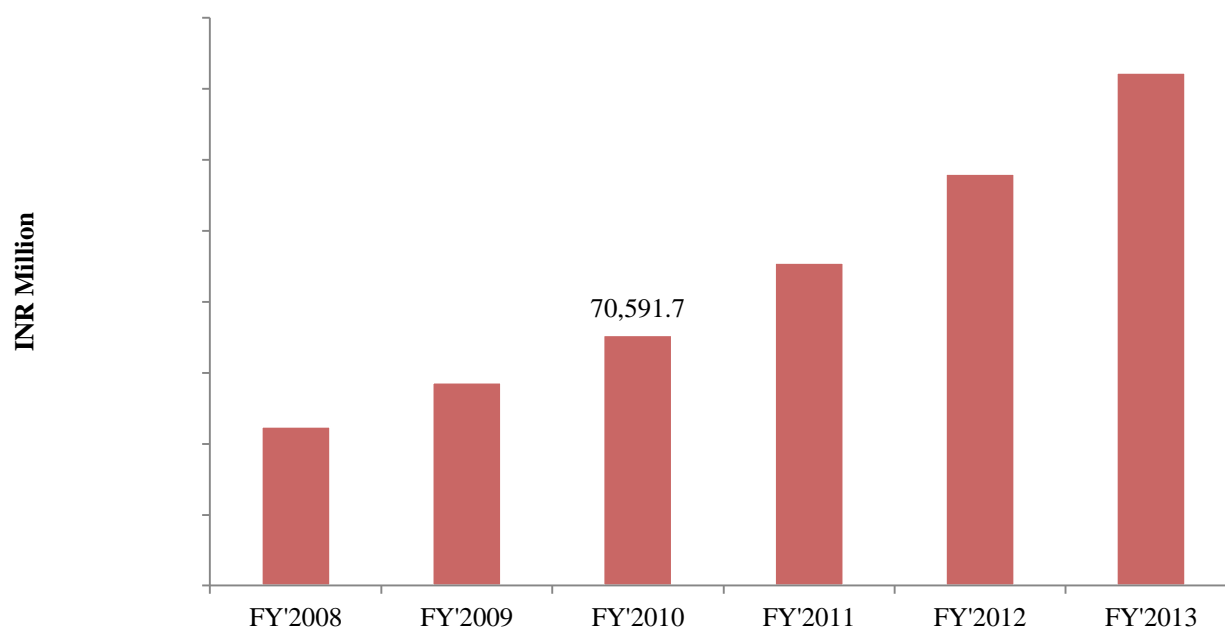


INDIA ONLINE USED CAR MARKET SIZE, FY'2008-FY'2013

The online used car market in India generates a large portion of its revenue through advertisements. These advertisements are broadly classified into three types namely, search advertising, display advertising and classifieds.

The revenue generated by the online used car market in India witnessed a consistent increase from FY'2008 to FY'2013, recording a CAGR of ~% during the period. Some of the major online used car players such as CarDekho.com entered in 2008 which increased the pace at which the overall market was growing.

Figure: India Online Used Car Market Size by Revenue Generated in INR Million, FY'2008 -FY'2013



COMPETITIVE LANDSCAPE OF MAJOR PLAYERS IN ONLINE USED CAR INDUSTRY IN INDIA

The top three players who are at present leading the online used car market are CarWale.com, CarDekho.com and Gaadi.com. These three companies were initially start-up businesses but they are now flourishing in the automobile sector of e-commerce.

COMPANY OVERVIEW

Key Developments:

- In 2005, it became the first website in India to consolidate used car inventory across dealers and present it to car buyers as an online marketplace.
- In 2006, the company introduced India's first Used Car Price Guide. In which a used car buyer or seller could see the actual market value of their vehicle, depending on the car's model, variant, age, condition, mileage, city and whether they were transacting with a dealer or an individual.

KEY PERFORMANCE INDICATORS OF CAR WALE AND FUTURE ENDEAVORS

- Car Wale, India's largest automotive destination, recorded over 75 lakh visits for the month of November 2013
- ~% of the total number of interested buyers at Car Wale search for Hatchbacks, ~% of them search for Sedans, ~% of them search for SUVs, ~% of them search for luxury cars and the rest ~% search for other types such as MUVs.

Table 1: Key Performance Indicators of Used Cars at CarWale.com

Particulars	As of November 2013
Number of Visitors on online websites by potential used car buyers/ sellers	
Page Views in a month for non-serious customer	
Page Views in a month by a serious customer	
% age of customers sticking to one type of car segment	
% age of customers sticking to any one price range	
Inventory of used cars (daily)	
Range of Annual Income of Target Audience	

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