

CEO INSIGHTS – PRE-OWNED AUTOMOTIVE INDUSTRY EMERGING REMARKABLY

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By Sameer Malhotra, CEO, Shriram Automall

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The automotive industry encountered a blended fortune amid February 2018. While new models drove the growth in the passenger vehicle section, rising fuel costs, expansion and a spurt in loan fees have backed off the business as it nears the end of Financial Year (FY 2017-18), resulting in boosting demand of used automobiles in the country.

As indicated by statistics in the US, for each new vehicle sold, 3 used vehicles are sold. In Europe, this proportion is 1:2, while at present in India it is 1:1.1. In Europe and other developed markets the quantity of proposed new vehicle buyers is expanding, while the quantity of expected used vehicle buyers is declining. In India, it's a switch incline that can be ascribed to the increasing expense of fuel and expanding extra cash.

Segment Wise Domestic Sales

The sales of Passenger Vehicles grew by 9.23% in April-March 2017 as compared to the similar period a year ago.

Inside the Passenger Vehicle segment, Passenger Cars, Utility Vehicles and Vans developed by 3.8%, 29.91% and 2.37% respectively amid April-March 2017 over a similar period a year ago.

The general Commercial Vehicles enrolled a growth of 4.16% in April-March 2017 when compared with a similar period a year ago. Medium and Heavy Commercial Vehicles (M&HCVs) developed by 0.04% and Light Commercial Vehicles developed by 7.41% amid April-March 2017 over a similar period a year ago.

Three Wheelers sales declined by (-) 4.93% in April-March 2017 as compared to the similar period a year ago. Passenger Carrier deals declined by (-) 8.83% and Goods Carrier deals grew by 12.75% in April-March 2017 over April-March 2016.

Bikes deals enrolled a development at 6.89% amid April-March 2017 over April-March 2016. Inside the Two Wheelers segment, Scooters, Motorcycles and Mopeds developed by 11.3%, 3.68% and 23.02% separately in April-March 2017 over April-March 2016.

With the proportion of new vehicles sold to that of the old ones sold being 1:1.1, used vehicle industry saw the development in likewise manner. Used automotive industry, showcased the uptick demand even when the new automotive industry witnessed the downfall,

demonstrating that used vehicle industry will keep on moving forward.

Indian Used Automotive Market Segmentation

In India, with new vehicle market witnessing growth, there is a large inventory of used vehicles available for re-sale.

Our market segmentation consist of four basic segments; students, retired, families, and working professionals.

Students: This category incorporates college going or post graduate students who require a sheltered and temperate vehicle. This gathering is worried about cost, garish looks, and being cool. They likewise purchase vehicles more regularly than others, by and large in every few years, thereby used vehicles are the affordable choice for them.

Retired: The retired gathering of people in India, center around reasonableness of acquiring a pre-owned vehicle. Cost generally is essential than quality and highlights. This gathering needs agreeable, pleasantly prepared vehicles at a sensible cost. They will need a used vehicle that will keep going for quite a long time, at reasonable cost.

Families: A family man center around protected, down to earth vehicles. Something that will keep going for a considerable length of time, can get staple goods, protect children, and perform long outings. Numerous will be on a financial plan, and cost might be a major factor. They search around and teach themselves on vehicles, looking for a particular make or model.

Working Professionals: A good working proficient that can bear to pay more for a higher-quality vehicle generally goes for the new ones, but with evolving times, they now prefer to go for the much more optimal choice i.e. used.

Indian Used Automotive Industry Outlook 2018

Indian Automotive market is one of the world's biggest auto markets. Simple accessibility of finance, and rising wage levels are empowering the dispatch of new auto models which have been prompting an astounding development of the business for as long as couple of years.

Some of the significant players working in Indian used automotive market are Shriram Automall India Limited, Maruti True Value, Mahindra First Choice Wheels, Hyundai H Promise, Das Welt Auto, Ford Assured, Toyota U Trust, Honda Auto Terrace, BMW Premium Selection, Audi Approved Plus, Mercedes-Benz Certified, and so forth.

As organized sector has been putting forth ensured used vehicles at focused rates, alongside finance & warranty choices, guarantees and service ensures, the tide is relied upon to step by step transform into the support of this segment. As the interest for pre-claimed vehicles keeps on surpassing the supply, Original Equipment Manufacturers (OEMs) have been seeing a colossal open door in the business. Notwithstanding, the current urging pattern is probably going to pull in more organizations into this quickly developing business.

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Current Scenario of Used Automotive Market in India

In spite of the fact that the general financial stoppage has hit new vehicle sale numbers, the used automotive market has seen an uptrend, obviously demonstrating that used vehicles will keep on moving forward.

The Future of the Used Automotive Market

The used automotive market in India is depended upon to develop by a compounded annual growth rate (CAGR) of 20% in the coming five years. The organized approach towards the used vehicle segment is expected to play a noteworthy part in the advancement story of the sector. Indeed, even after small merchant's control in the market, the formed, innovatively convenient approach towards the used vehicle market has ascended as a particularly strong section in the overall automotive industry.

However another basic reality to consider is the uniform execution of GST. The uniform cost laws over all the states make getting and enlisting used vehicles and equipment a more clear and productive process.

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