



**Das WeltAuto.**  
Certified Pre-Owned

# Indian Pre-Owned Car Market Study

In collaboration with

FROST & SULLIVAN



Evaluation of the Indian Pre-Owned Car market offerings &  
capturing the Voice of Customer on brand perceptions,  
preferences and purchase decisions



# **Executive Summary**

India Pre-owned Car Market Evolution &  
Global Comparison

# Used Car Market in India

The used car market is expected to exhibit continued growth at a CAGR of 21% and reach 8.2 million units by FY25

## Pre Owned Car Market in India: FY21-FY25 – Market Overview

### Market Stage

Growth 

### CAGR (Past)

2.8%

(FY16-FY21)



### Market Units/Volume

4.4 Million (FY20) 

3.8 Million (FY21) 

Drop due to impact of COVID-19

### Used Car to New car Ratio



	Used Car Vol. (in million)	New Car Vol. (in million)	Ratio
FY21	3.8	2.6	1.5
FY25	8.2	3.9	2.1

### Used Car Market Size

8.2 Million

(FY25) 

### CAGR (Future)

21%

(FY21-FY25) 

Decreasing  Stable  Increasing 

# Used Car Market in India: 2021 – 2025

Share of Organized players in the Used car market is expected to grow from 25% in FY21 to 45% by FY25, driven by new business models, changing customer preferences and belief systems



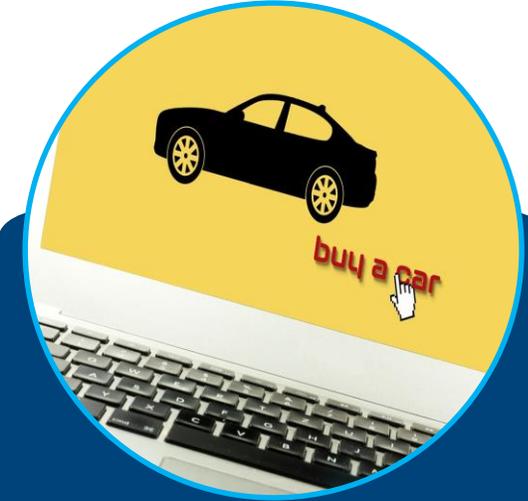
Used car market expected to reach 8.2 million units by FY25 with a CAGR of 21%. Growth of organized players offering reliable products and services, increasing demand for used cars in tier 2 & 3 cities



Used car to new car ratio in developed markets such as US and UK is 2.8 and 4.1 respectively. In India the ratio was just 1.5 in FY21, expected to grow to 2.1 – 2.2 by FY25



Organized sector is expected to account for 45% in FY25 from about 25% in FY21. New business models, customer preferences & transparency are key factors contributing to growth



Online platforms driving accessibility, convenience and transparency. Around 15-20% of sales for unorganized dealers are currently completed with the help of online platforms

# Used Car Market in India – 2021-2025

Used car finance penetration which is currently at 21% is expected to become 35% by 2025, driven by growing partnerships between used car dealers and financial institutions



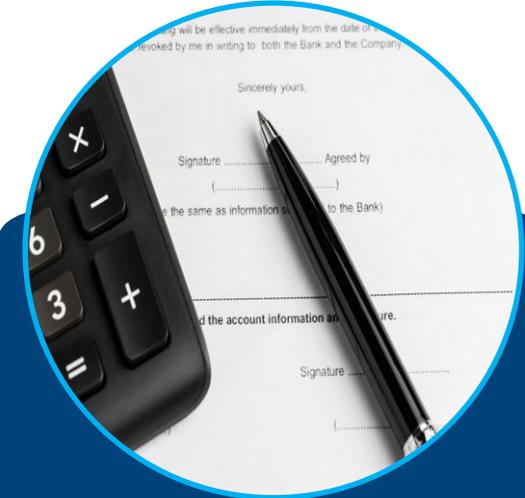
Sales share of non-metro cities to increase from current 55% to 70% by 2025, pushing a large chunk of pre-owned generation vehicles to tier 2 cities and rural markets



Mahindra First Choice and Maruti True Value have the largest used car network in India, together accounting for close to 3,000 outlets. Players such as Cars24 and CarDekho offering a 7 day trial period on used cars



New car value depreciation pegged at 20-22% by the end of first year . Petrol cars are expected to have lesser depreciation as compared to diesel cars, as they reach the scrap value phase



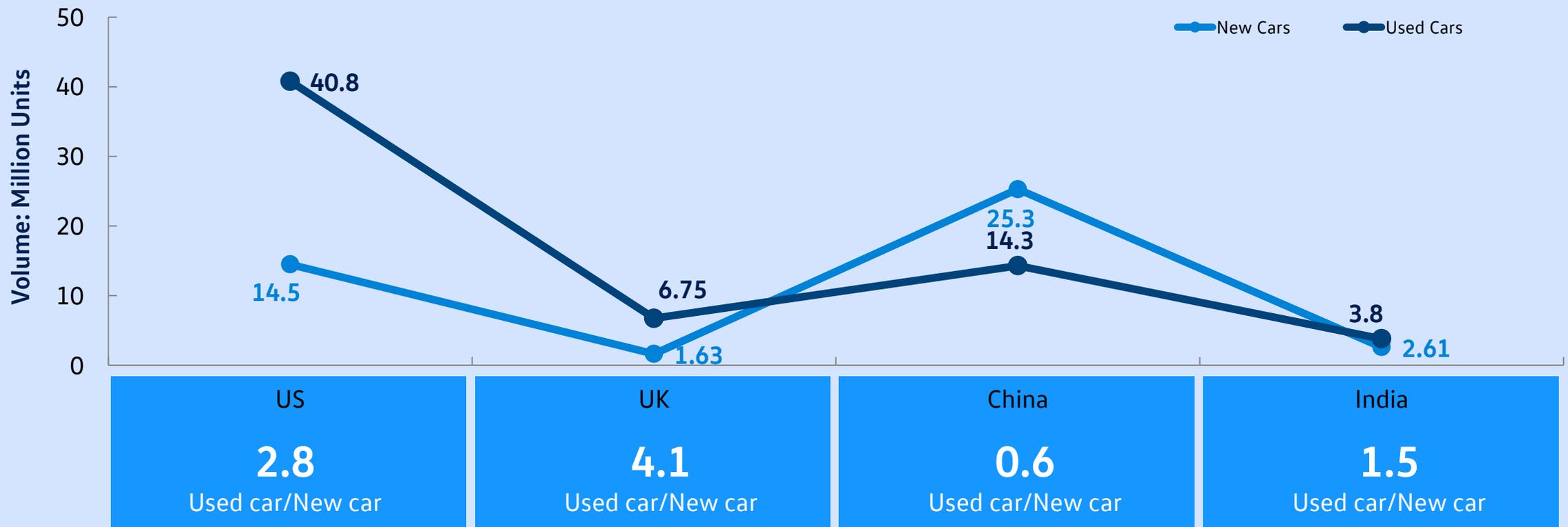
Used car finance penetration expected to be 35% by 2025 from about 21% now, driven by partnerships with financial institutions. Share in non-metros expected to grow from 48% now to 55% by 2025.

# Key Global Used Car Markets – 2020

US, UK and India sold more used cars than new cars in the year 2020, primarily driven by COVID-19 pandemic, which also affected the new car sales globally

In China, low level of trust, lack of established system for supply, evaluation, and pricing for the used cars had prevented people from purchasing used cars, until recently

## New vs. Used Car sales – Key Global Markets, 2020 (Million Vehicles)

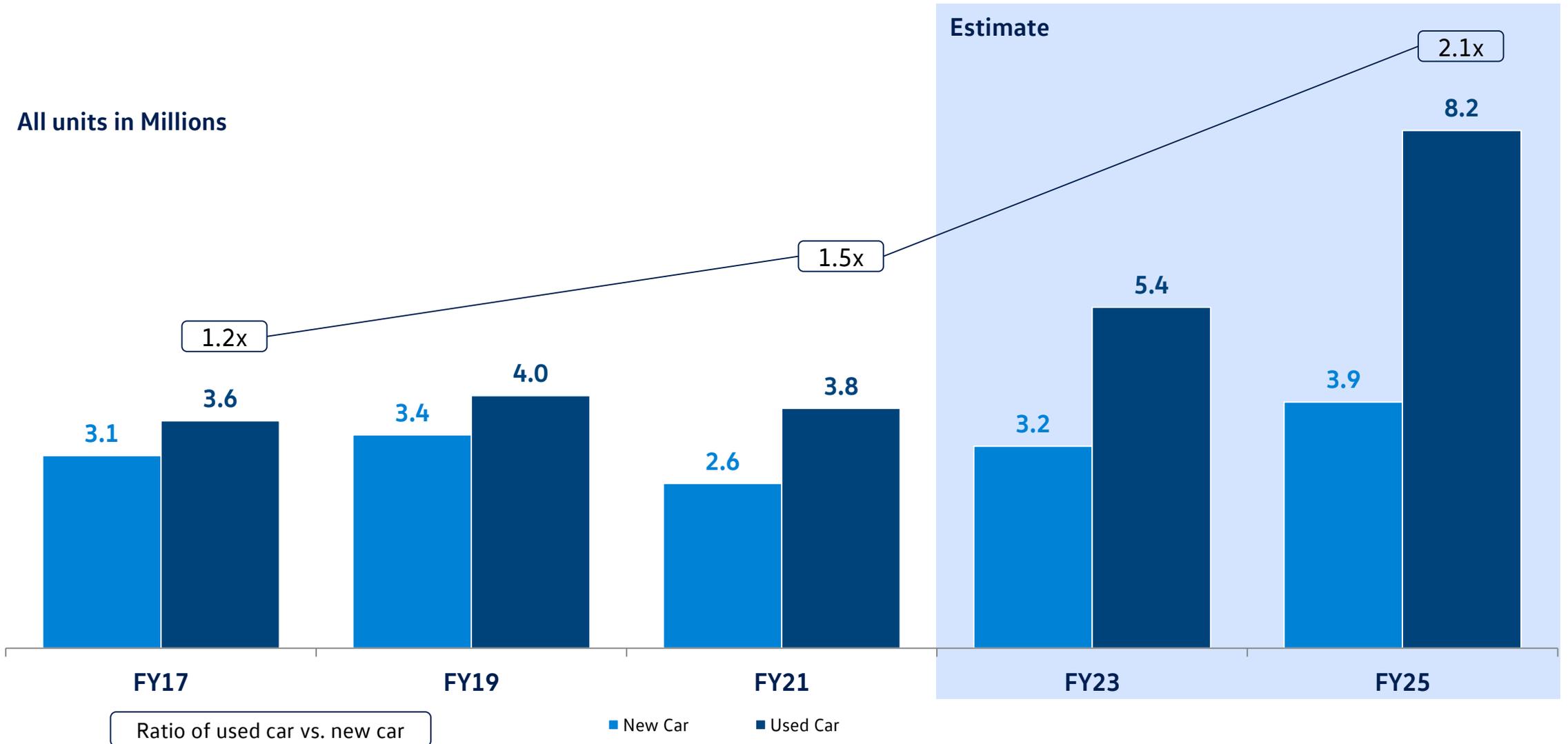


Source: Frost & Sullivan



# New car vs. Used car sales, India, FY16-FY25

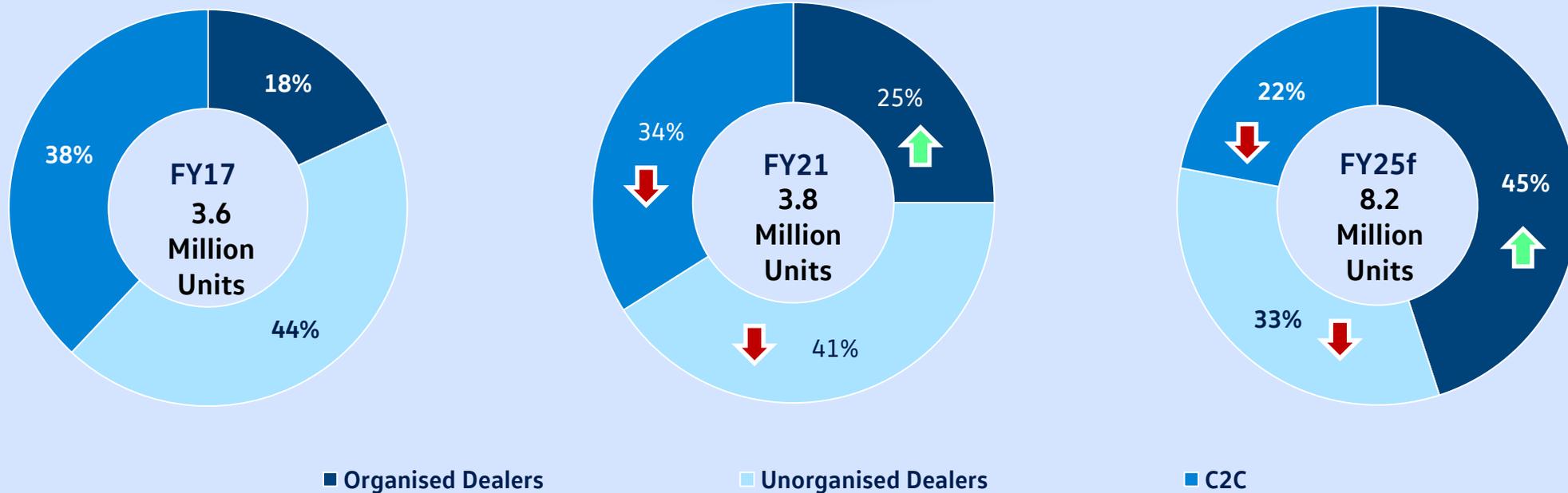
Used car sales which currently is 1.5x the size of the new car sales is expected to become 2.1x by FY25



# Used Car Market in India – Sales Channel Analysis

New business models, changing customer preferences & belief systems are the key factors contributing to the growth of the organized channel in India

## Used Car Market – Sales Channel Market Share



- C2C and unorganized dealers currently dominate the used car market with a market share of 75%
- Organized dealers provide reliable / certified products and services, offer financing and are also the first ones to adopt to new business models
- Customers are willing to pay a reasonable price for getting reliable cars than go for cheaper unreliable deals.

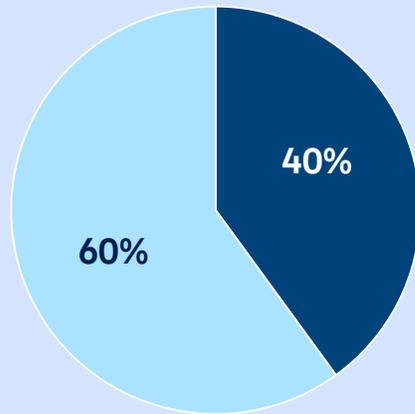
- **Organized** – Dealerships operating out of proper showrooms similar to that of new car showrooms
- **C2C** – Customer-to-customer transactions, including online lead generators
- **Unorganized** – Dealers operating out of small outlets, business done through brokers/agents with/without a physical presence

# Used Car Sales – Metro Vs. Non-Metro Comparison

F&S expects the Non-metros to continue dominating the Used car market in FY25 owing to the introduction of stricter emission norms in key urban/ metro cities, which pushes the ageing vehicle parc with older technology to tier 2, 3 and rural markets

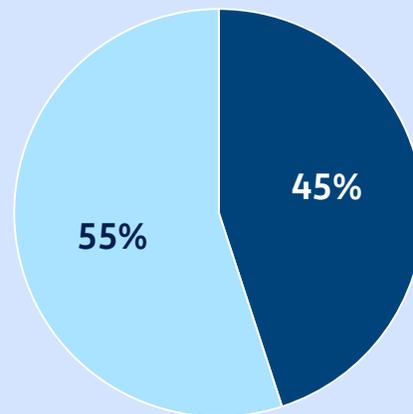
Metro Vs. Non-Metro (% share of used car sales)

FY16  
3.3 Million Units



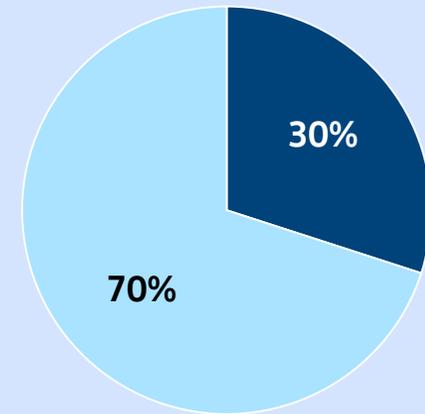
■ Metro ■ Non Metro

FY21  
3.8 Million Units



■ Metro ■ Non Metro

FY25  
8.2 Million Units

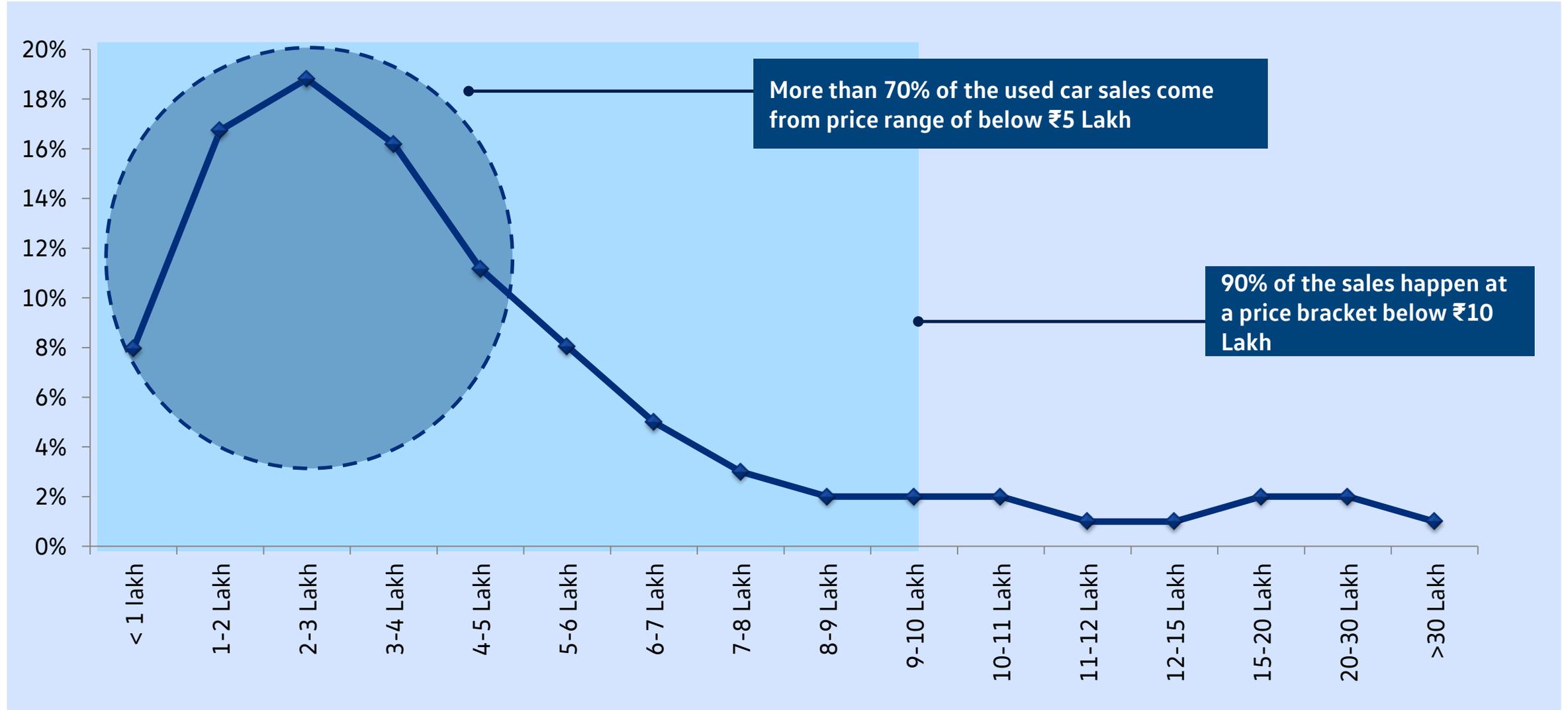


■ Metro ■ Non Metro

- Tier 1 and 2 cities have always been a strong market for used cars, and will continue to be so in the coming years
- Growing presence of organized dealers is expected to drive the demand for used cars across the country, especially in urban markets
- However, tougher emission norms and growth of shared mobility services, including public transportation, is expected to affect the share of used cars in Metro cities

# Used Car Price Analysis – Price Range Vs. Share

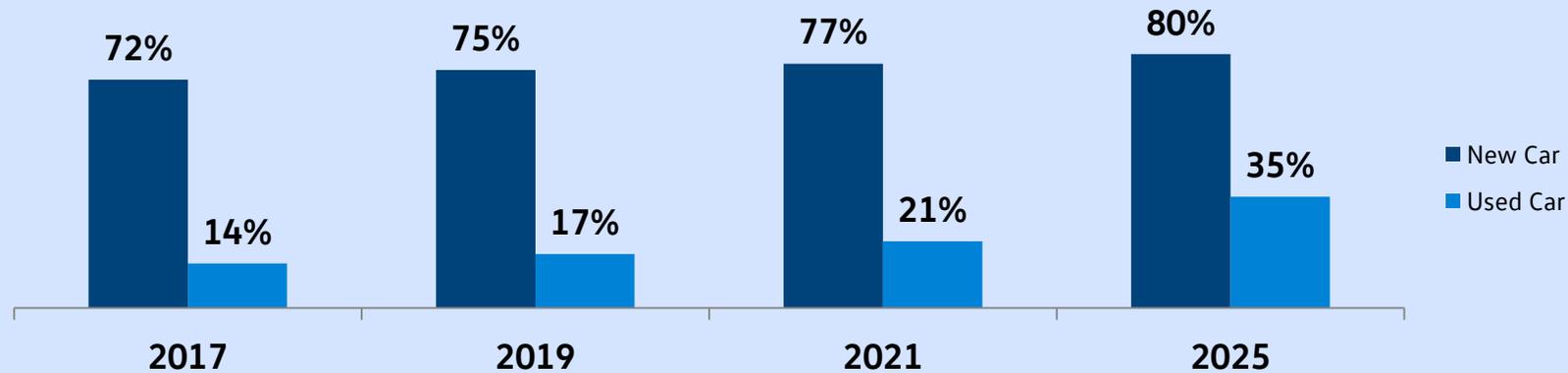
~90% of the total used car sales come from the price bracket below INR 10,00,000



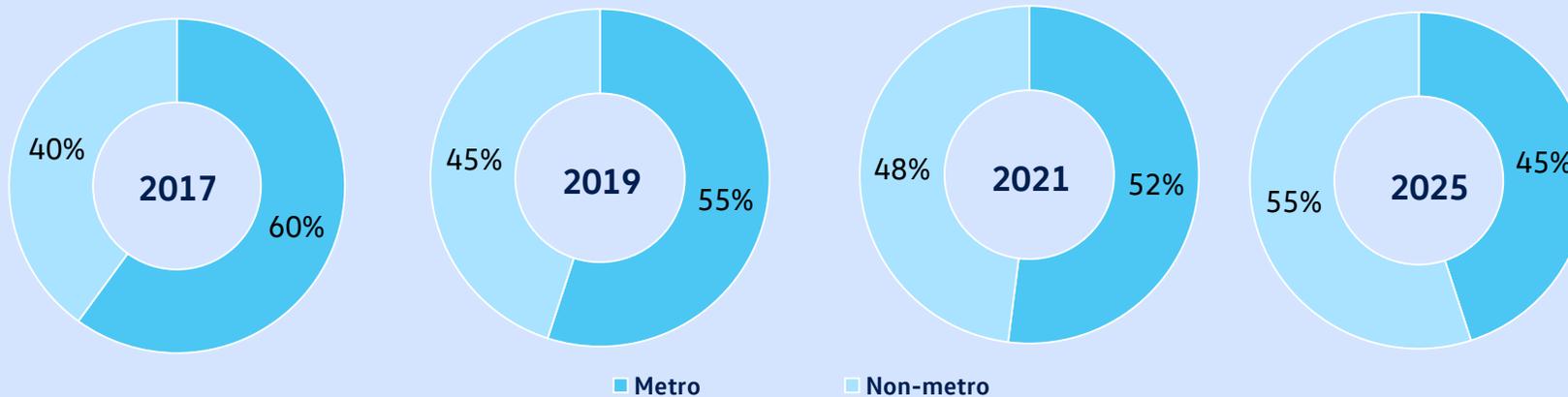
# Used Car Finance – An Overview

Used car finance penetration is estimated to be close to 21% in 2021, with a lot of potential to grow in the next 3-5 years. The increasing share of finance penetration in non-metros is indicative of the strong demand for used cars in tier 1,2 and rural markets

New Car vs. Used Car Finance Penetration - Trend



Used Car Finance Penetration - Metro vs. Non-metro



## Used Car Finance – Market Drivers

- Organised players offering better financing options to differentiate themselves from unorganized players
- Bundling of vehicle finance with warranty & insurance
- Large used car players having own financial services
- Increasing awareness of used-car financing in tier 1 and 2 cities
- Lower interest rates attracting customers
- Digitization to aid hassle free financing
- Increasing cost of used car purchase driving finance penetration



# **Executive Summary**

Current Pre-owned Cars Owners



# Key findings | Current owners

Desire to own a vehicle primary driving force. Spouse, other family members & friends influence the decision making and are top information sources for used cars. Local used car dealers, online / google search & online used car sales points other key sources.

## Details of most recently purchased used car



- **56%** purchased **mid variant** cars, followed by **33%** purchasing **top variant**.
- Owners mainly purchased **diesel (53%)** and **petrol (41%)** cars.
- **Only 30%** owners purchased **accessories** for their used cars.
- Owners intend to use the used cars for **3 years, on average**

## Purchase driver for used car



- **64%** purchased used cars as their **first cars**.
- **Desire to own a car (72%)** is the **most dominant driver for car ownership**.

## Influencer & information sources



- **94%** of the current owners are the **final purchase decision makers**.
- **Spouse (57%)** and **other family members and friends (52%)** are the key influencers.
- **Family & friends (69%)** are **top information source** for used cars, followed by local used car dealers (50%)

## Key factors considered during purchase and liked in used car



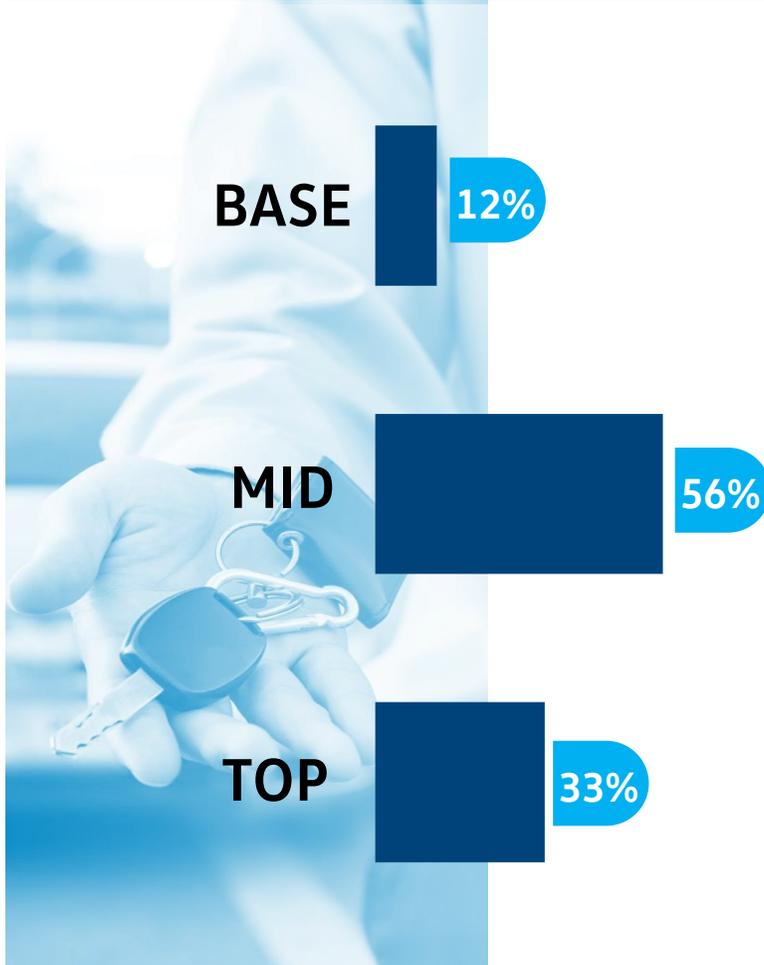
- **Price (61%)** is the **main factor considered during purchase of used cars**.
- **Lower price (53%)** is the topmost factor liked in used cars compared to new cars.
- **49% of owners did not consider new car**, driven by unavailability of models within budget (63%), and perceived better value of used cars (44%)



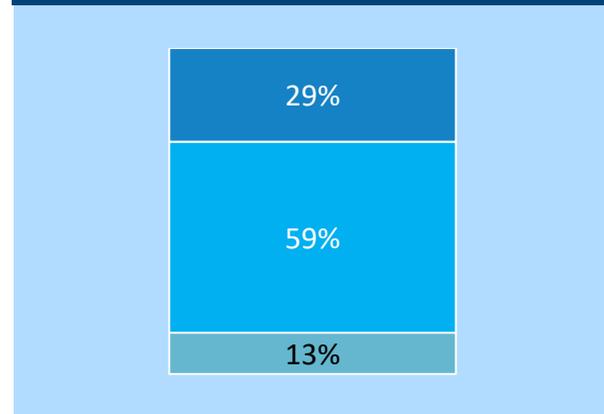
# Variant of the Model Purchased | City Tiers & Segments

Current owners have primarily purchased MID VARIANT models, across city tiers and volume segment. 40% in Tier 2 cities purchase the top variant. In Premium Segment, both TOP (49%) and MID (43%) VARIANTS register more purchase.

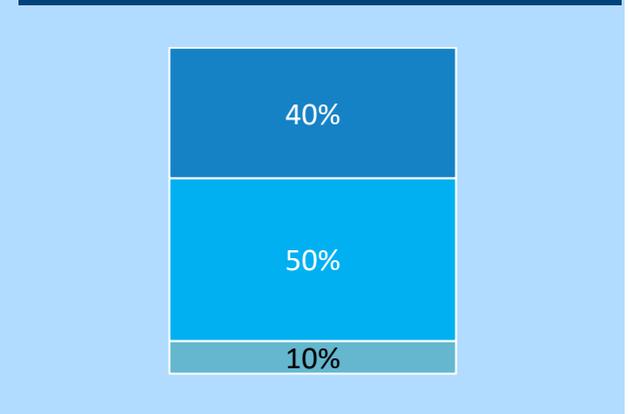
## Current owners



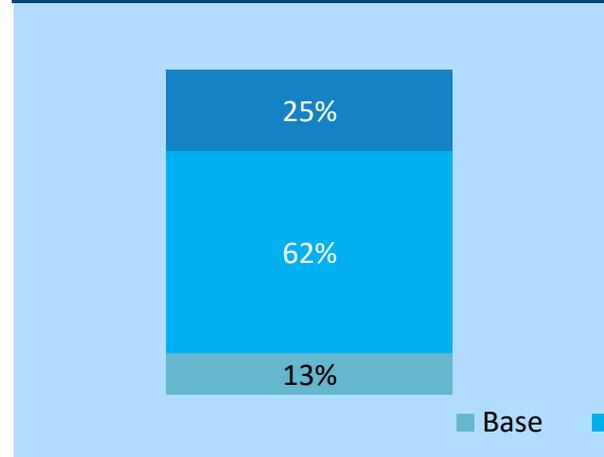
## TIER 1 CITIES



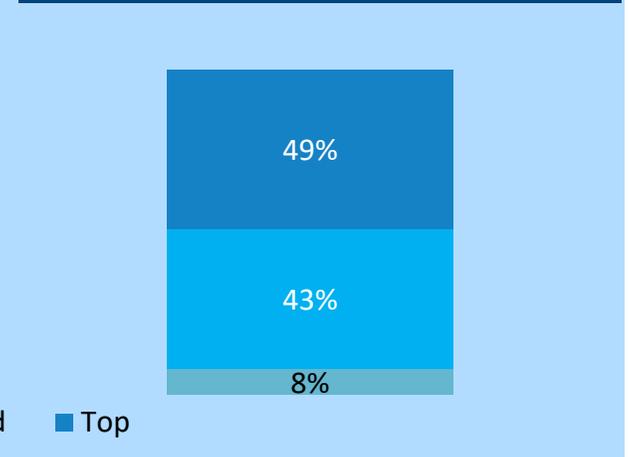
## TIER 2 CITIES



## VOLUME SEGMENT



## PREMIUM SEGMENT



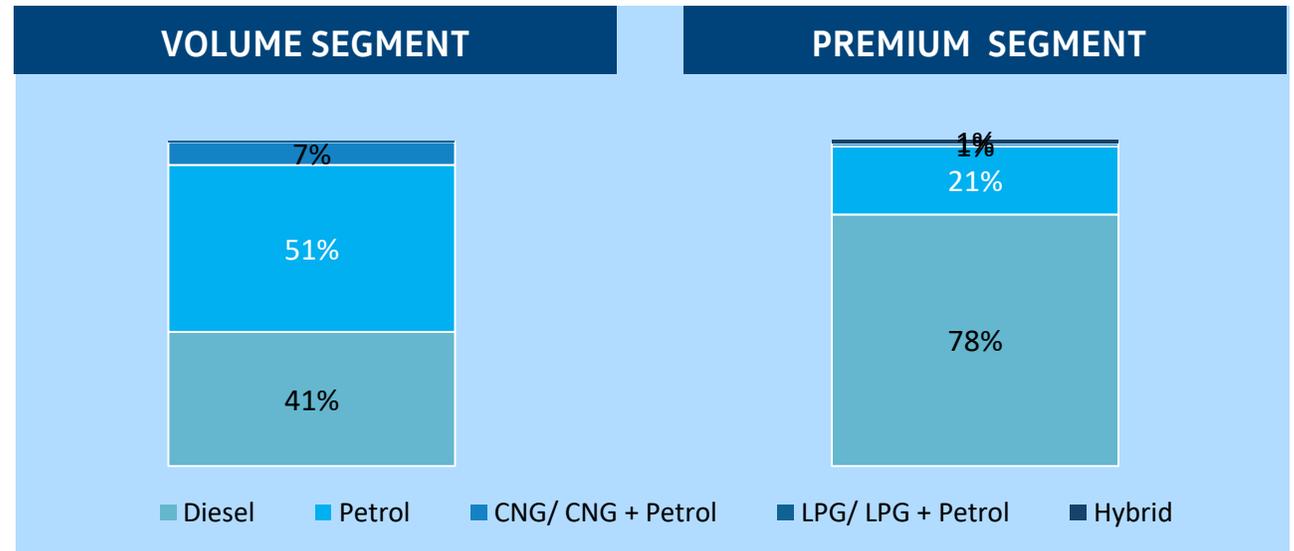
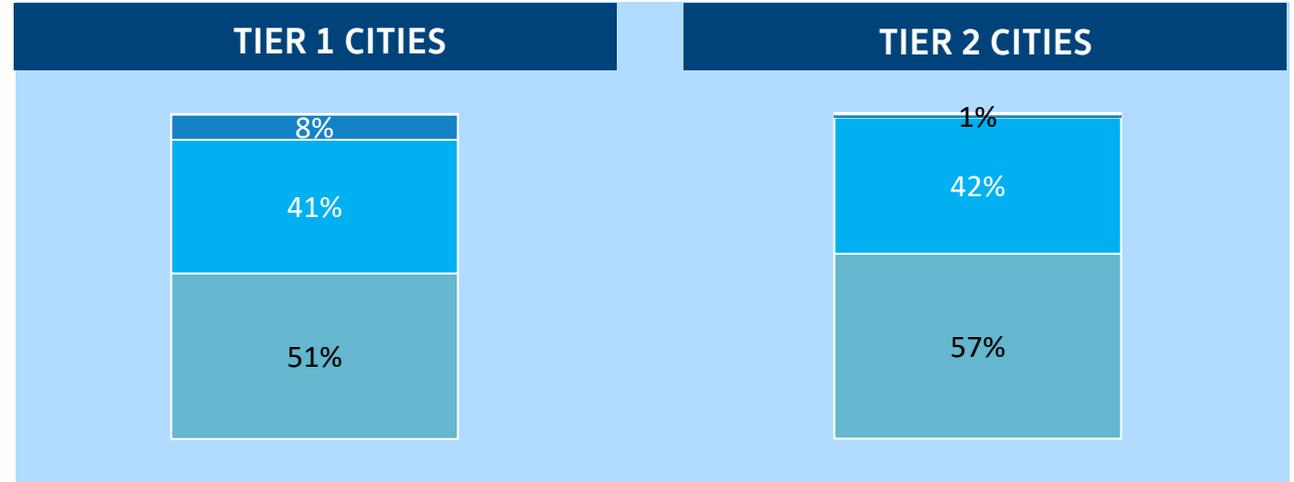
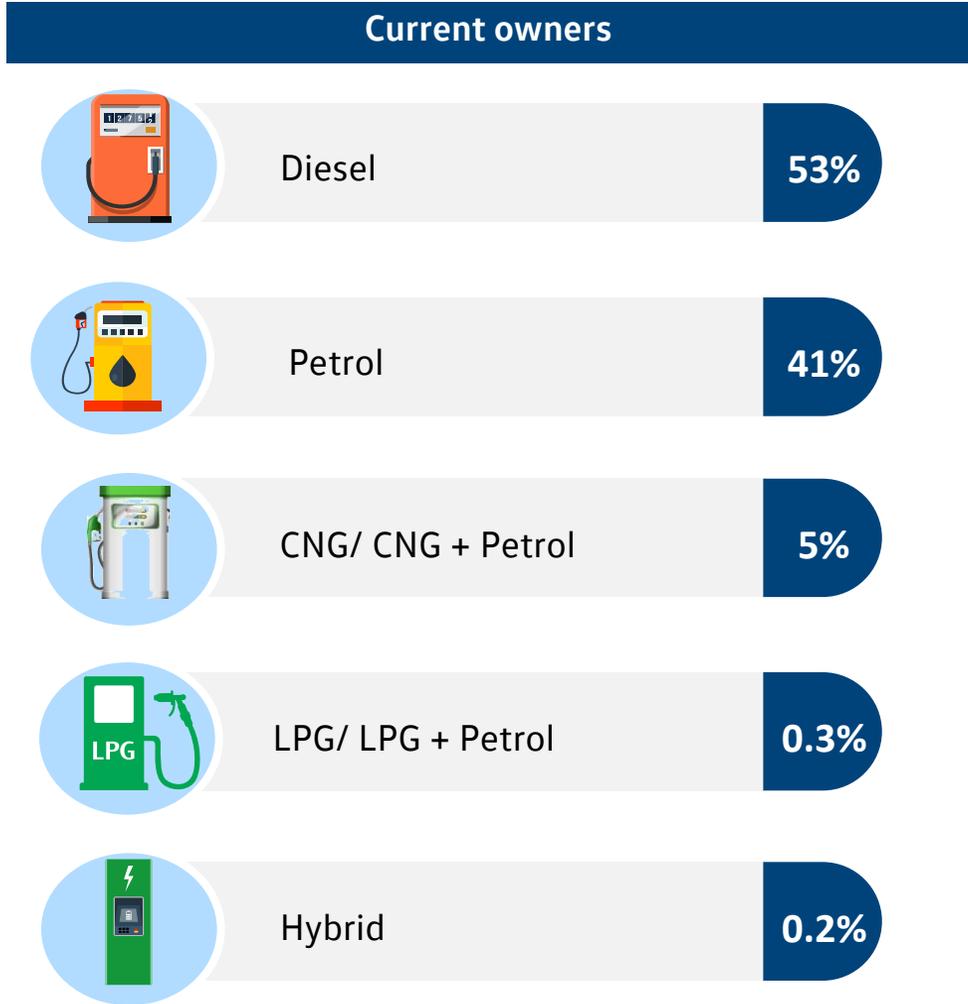
■ Base ■ Mid ■ Top

% of Respondents



# Fuel Type of the Used Car | City Tiers & Segments

Diesel and petrol are the key fuel types of the used cars. However, in premium segment, diesel type (78%) is dominant, whereas petrol cars (51%) are purchased more within volume segment.

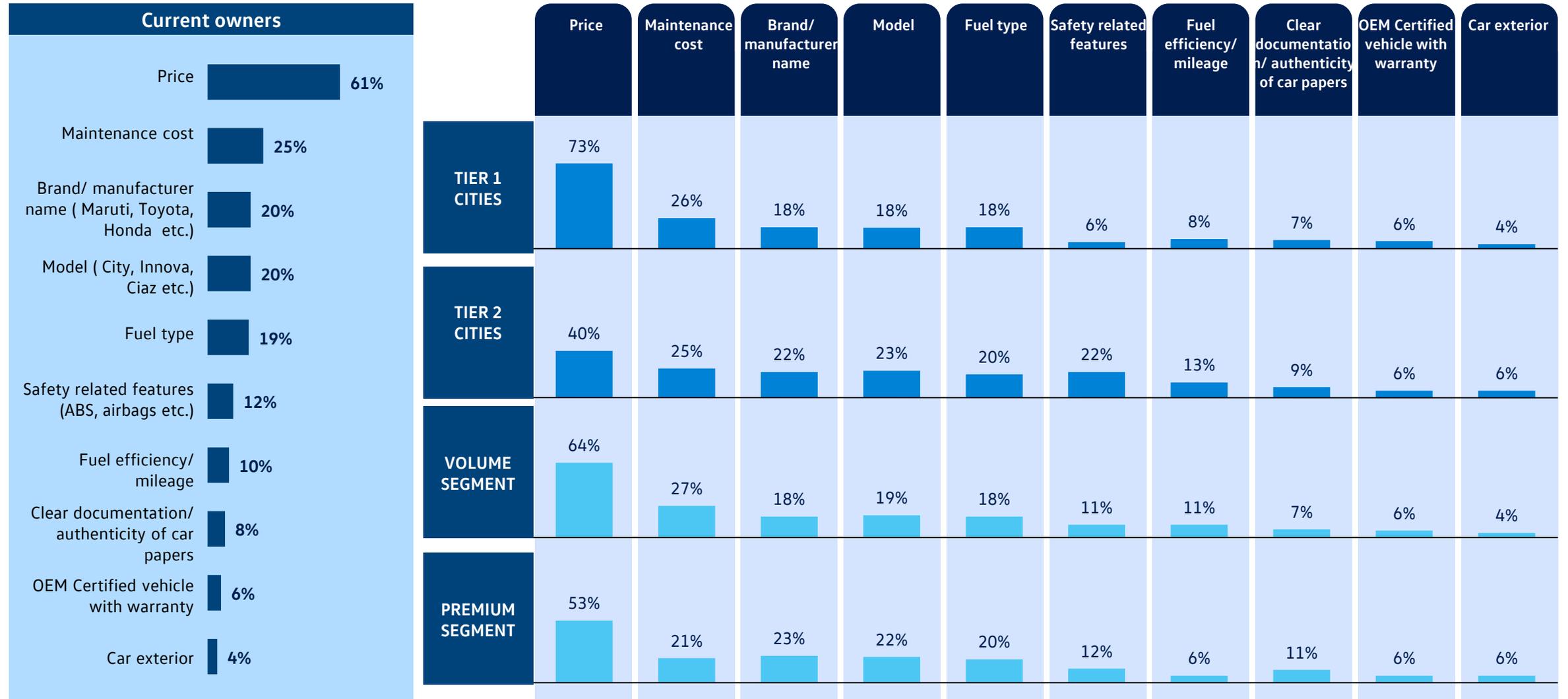


% of Respondents



# Important Factors Considered While Purchasing | City Tiers & Segments

Price is the topmost factor considered while purchasing used cars. However, price does not stand out so clearly in tier 2 cities.

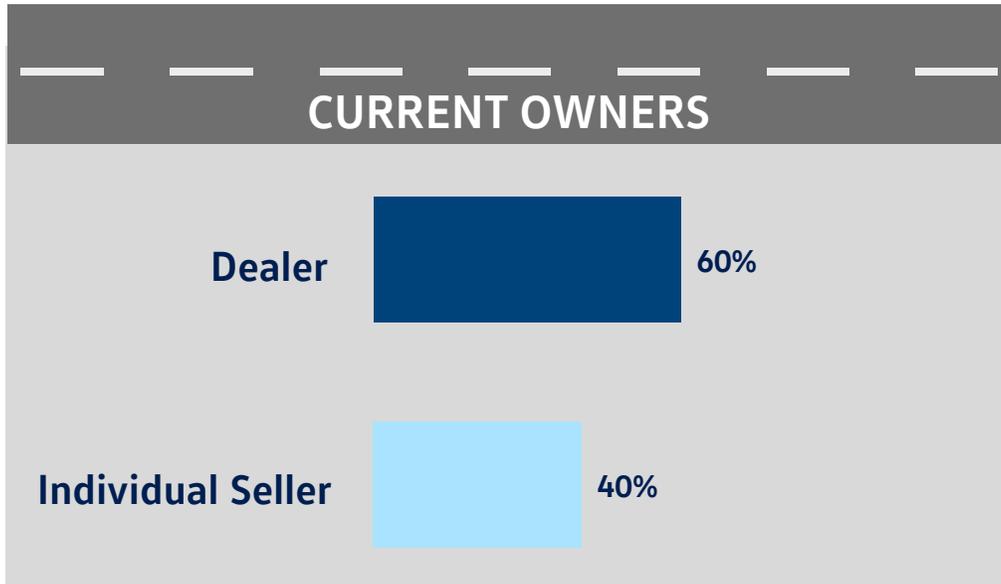
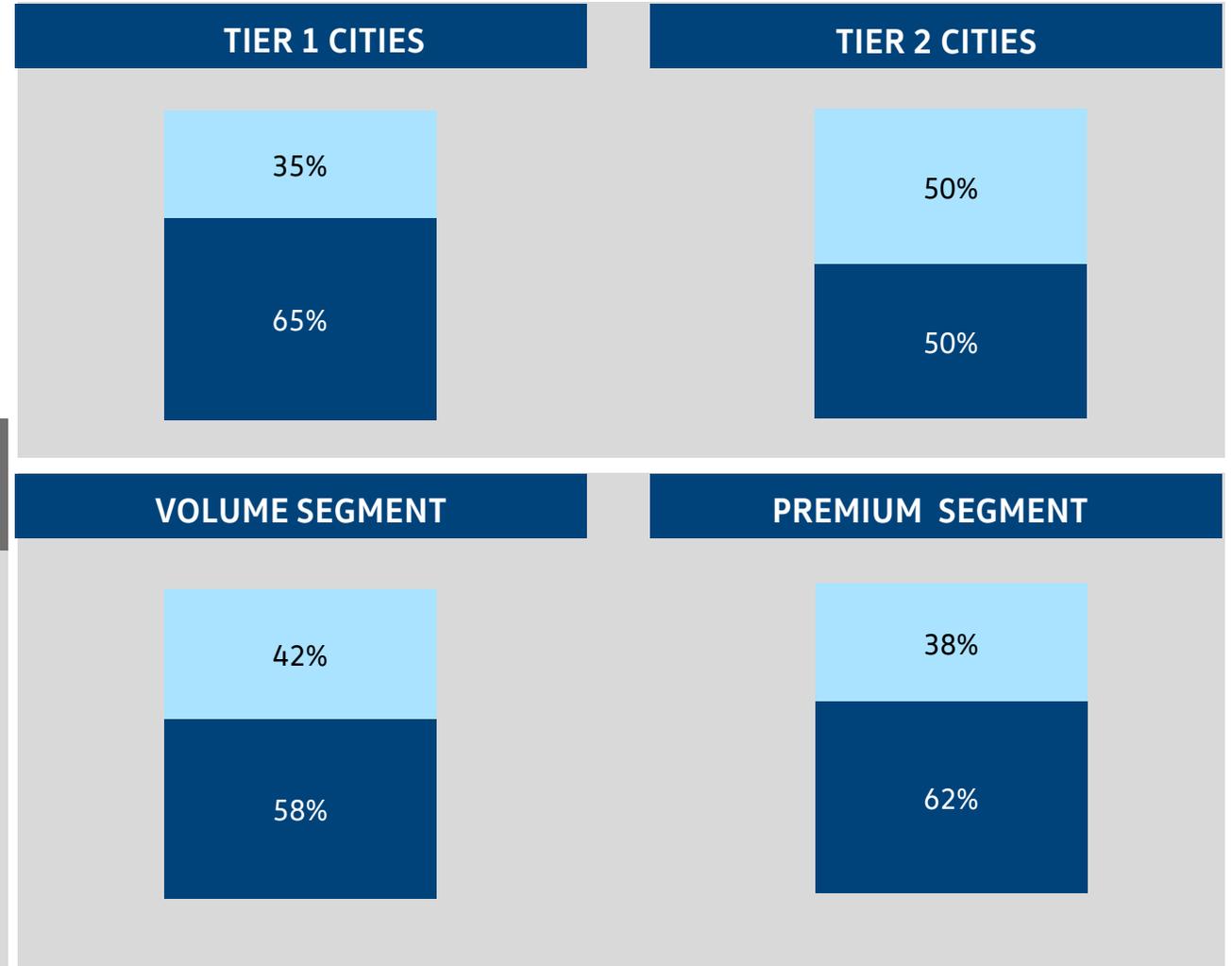


% of Respondents



# Who Was The Seller? | City Tiers & Segments

Three fifth owners have purchased their used cars from the dealers, while the rest from the individual sellers. However, in tier 2 cities, an equal split observed between both these seller types.

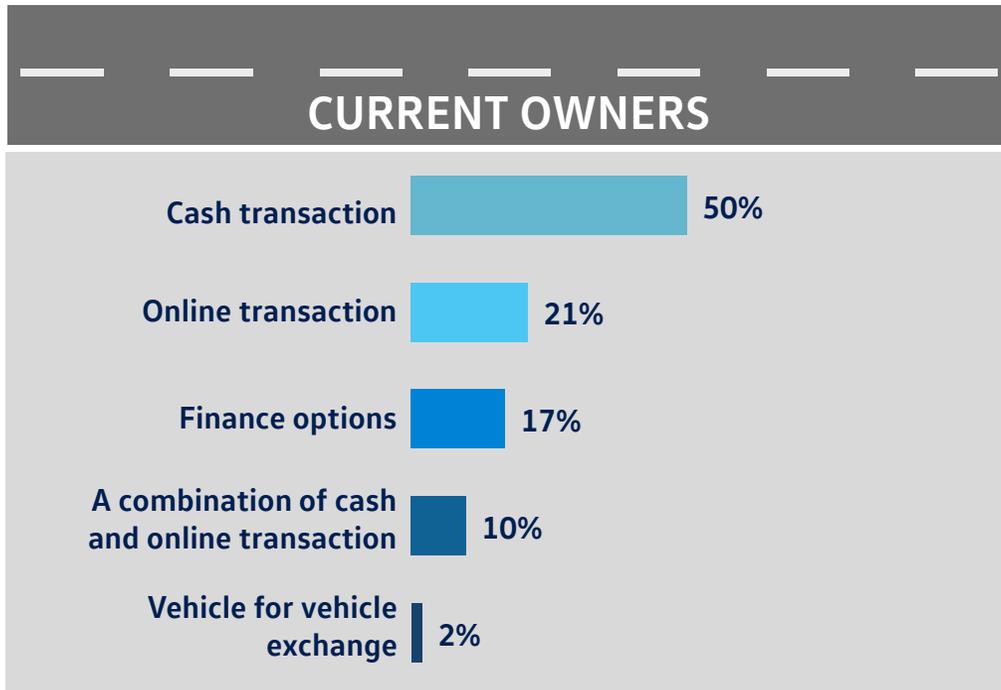
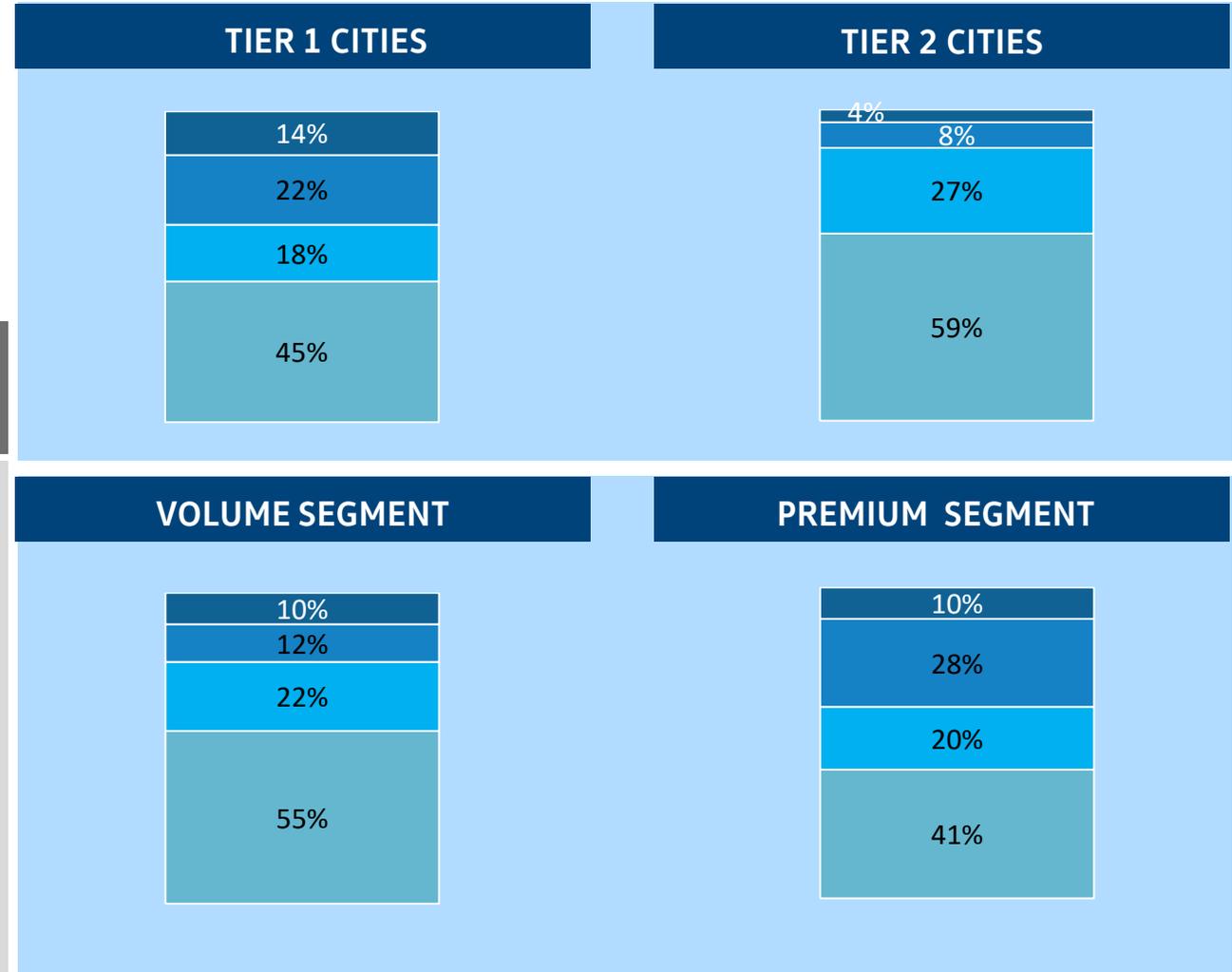


% of Respondents



# Most Preferred payment mode | City Tiers & Segments

Cash transaction is the most favored payment mode. Preference for online transaction is marginally more in tier 2, than in tier 1 cities. Finance options are more desired in tier 1 cities and in premium segment.

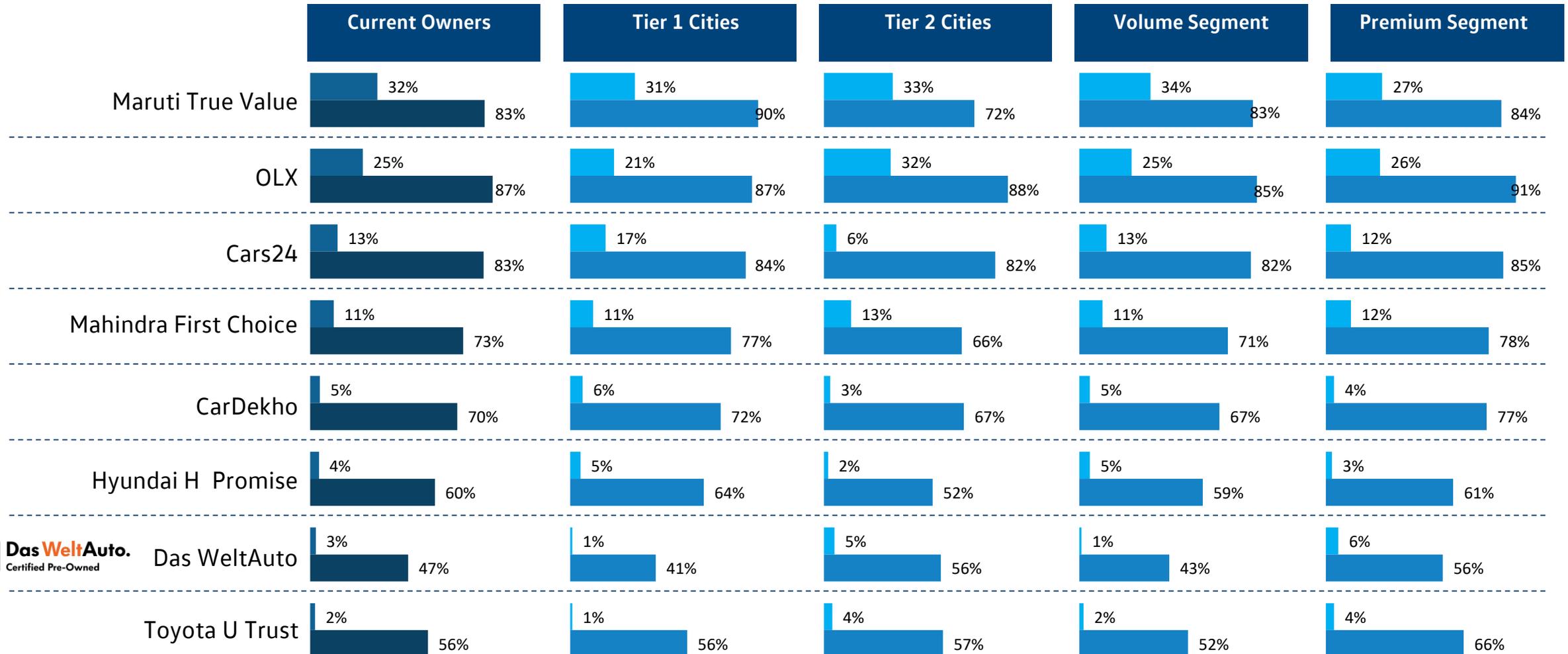


% of Respondents



# Awareness of Used Car Seller Brands | City Tiers & Segments

Most of the brands register strong awareness. About 47% aware of Das Welt Auto, with marginally more incidence in tier 2 cities and premium segment (56% each).



■ TOM (Top of the Mind Awareness)  
■ Total Awareness

% of Respondents



# **Executive Summary**

## Future Pre-owned Car Intenders



# Key findings | Intenders

Desire to own a 'better' vehicle with more features, comfort etc. are key drivers for an intender to purchase a pre-owned vehicle. Intenders gather information about used cars from family & friends, online search, local used car dealers & online used car sales points.

## Details of used car planned to purchase in next 12 months



- Intenders to purchase cars aged **3 years**, with mileage of **37,500 Km.**, on average.
- **Mid variant (57%)**, followed by **top variant (34%)** are desired by the Intenders.
- **Diesel cars (53%)** primarily desired, followed by **Petrol cars (36%)**.
- Intenders desire to use their cars for **2 years** on average

## Purchase driver for used car



- Intenders primarily want to buy used cars as their **second cars (53%)**, followed by **30%** intending to own them as their first cars.
- **Desire for car ownership (55%)** is the main purchase driver, followed by the need for more **comfort (44%)**, **features (43%)** and **current car being too old (41%)**.

## Influencer & information sources



- **95%** intenders would be the final decision makers themselves.
- **Spouse (56%)** influence the most, followed by family members & friends (46%).
- **Family and friends (56%)**, **online google search (49%)**, **local used car dealers (49%)** are the key information sources for the Intenders, regarding used cars.

## Key factors to be considered during actual purchase



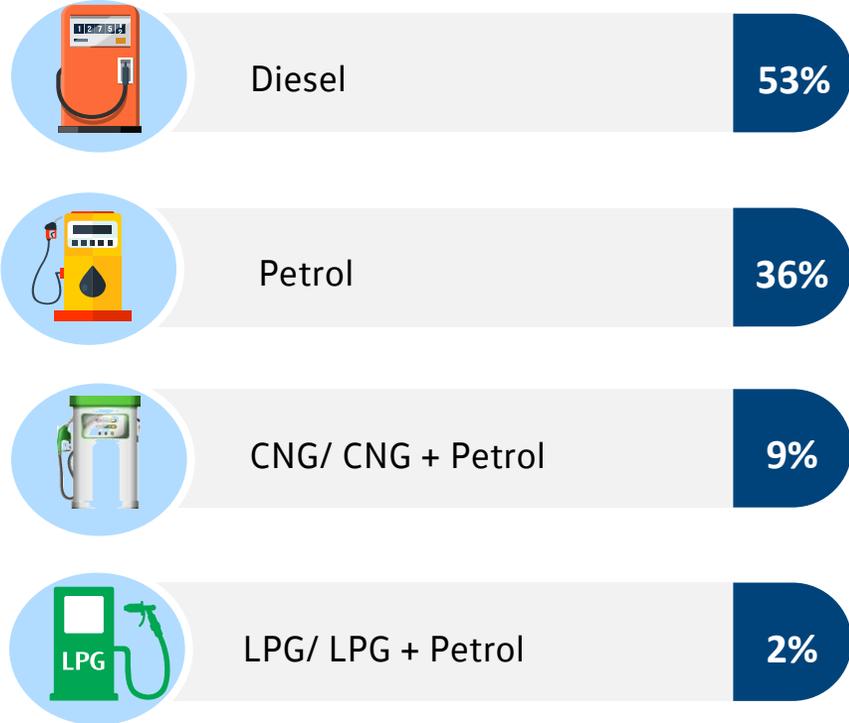
- **Price (55%)** the topmost factor considered by the Intenders while purchasing.
- 52% Intenders did not consider brand new car, driven by the unavailability of models within budget (67%).
- Perceived better value of used cars (36%) and friend/ family recommendation for used cars (36%) also have impact.



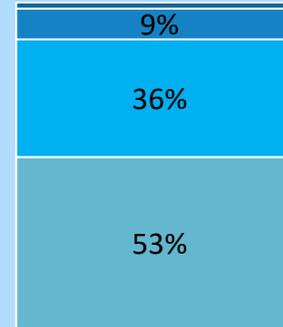
# Fuel Type of the Used Car | City Tiers & Segments

53% intenders wish to purchase Diesel used cars, followed by 36% wanting to buy petrol. However, in the premium segment, desire for diesel type is dominant (77%), whereas in volume segment almost equal proportion intend to buy diesel and petrol.

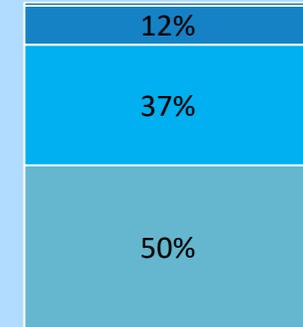
## Intenders



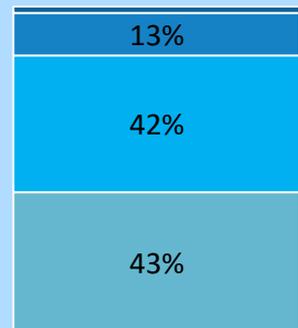
## TIER 1 CITIES



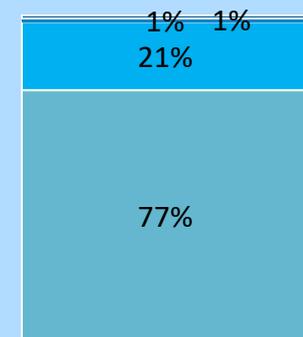
## TIER 2 CITIES



## VOLUME SEGMENT



## PREMIUM SEGMENT



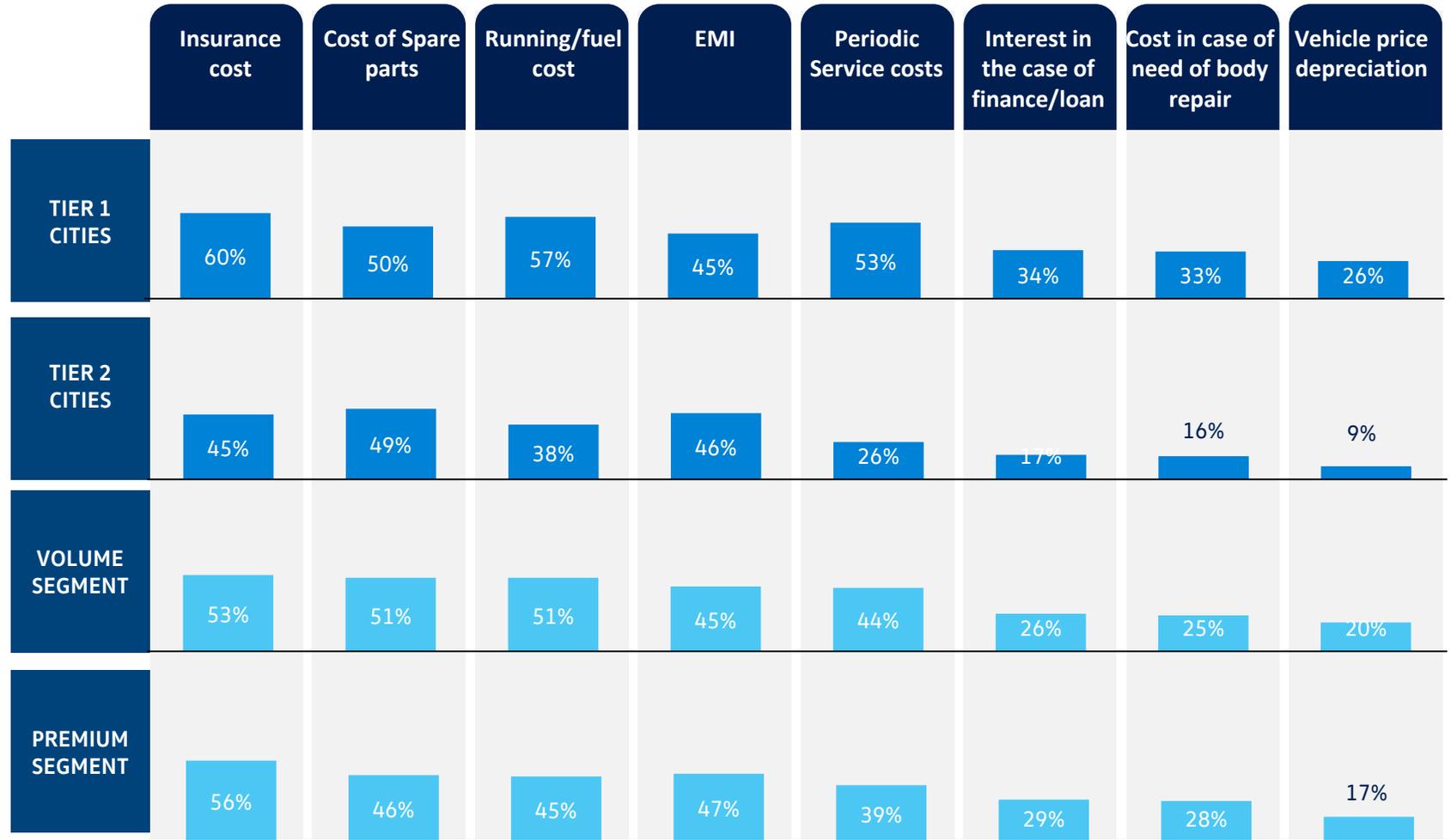
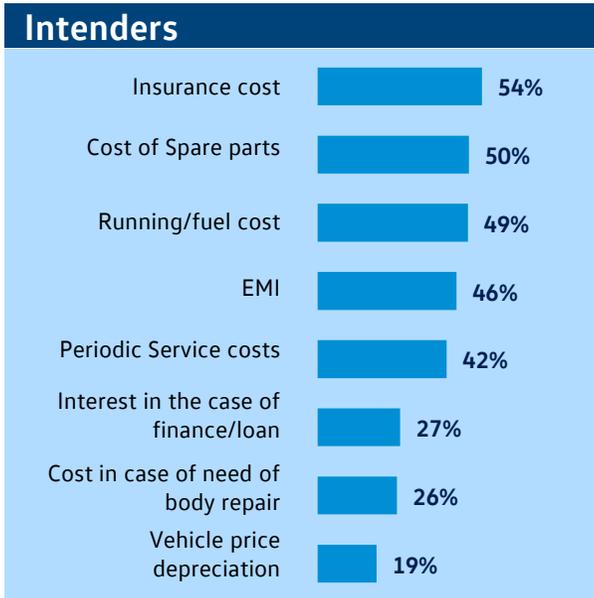
■ Diesel ■ Petrol ■ CNG/ CNG + Petrol ■ LPG/ LPG + Petrol

% of Respondents

# Financial Parameters Considered Before Purchase | City Tiers & Segments



Costs of insurance, spare parts, fuel, EMI and periodic servicing key financial parameters considered. However, fuel & servicing costs are of lesser concerns in tier 2 cities. Periodic servicing cost has marginally lower consideration in premium segment intenders.



% of Respondents

# Summary & Key Takeaway

The Pre-Owned Vehicles market in India is poised for a healthy growth over the next 5 years, primarily driven by changing customer preferences and the willingness to consider pre-owned vehicles as sustainable and viable option

**Availability of newer generation vehicles** has made purchase of Pre-Owned Vehicles more attractive than ever before with modern vehicles with better safety / infotainment / powertrain features becoming available in the Pre-Owned vehicles market.

**Transparency and Trust driven by OEM business models** have eliminated the stigma associated with purchase of Pre-Owned Vehicles. Further, with OEMs offering warranty and service support, the Pre-Owned Vehicles market is now a reliable and trust-worthy option for first-time buyers

**Budgetary Constraints & Convenient Financing options** triggered by the COVID-19 pandemic has made Pre-Owned Vehicles an attractive choice for potential buyers looking to buy cars as a Secondary vehicle for the family without compromising on quality, safety and reliability

**Non-metro and Tier 2 & 3 markets driving growth** and penetration of Pre-Owned Vehicles fueled by the desire to own vehicles and the availability of younger vehicles. Also contributing is the average holding period during the 1<sup>st</sup> life of the vehicle which is seeing a downward trend

**Changing Mobility behaviour of consumers** driving change in vehicle usage characteristics. Buyers looking to invest in affordable and reliable Pre-Owned Vehicles for the longer term personal usage even when shared mobility options for regular / daily usage become cheaper

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**Thank you.**