

# Mercedes to hike prices again as luxe market splits

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Mercedes-Benz India is set to raise prices of luxury cars by a further 2-4 per cent in the second quarter of 2026, after already implementing a 4 per cent hike over the last couple of months as geopolitical disruptions, freight costs and currency pressures push up input expenses.

"Another 2-4 per cent increase is on the cards," Managing Director and CEO Santosh Iyer said, citing a 15-20 per cent cost burden.

Automakers are opting for staggered increases rather than passing on the full impact at once. "We cannot pass on the full increase at once. There would be a shock to the market," Iyer said.

Currency depreciation has further added to cost



Mercedes-Benz India MD & CEO Santosh Iyer

pressures, impacting vehicle allocations, forcing companies to balance pricing with demand.

Chasing value, not volume, India's largest luxury carmaker sharpens its focus on higher-end vehicles, highlighting a growing divergence in the market. Mercedes is leaning into pricing power and exclusivity, while rivals such as BMW are pursuing broader, volume-led

growth. Mercedes-Benz India posted record sales of 19,363 units in FY26, with its top-end portfolio, S-Class, Maybach, AMG and EQS, accounting for 27 per cent of volumes, or over 5,200 units, growing 16 per cent.

Momentum has continued into 2026, with first-quarter sales rising 7 per cent to 5,131 units, led by a 25 per cent jump in top-end vehicles. In contrast, the entry luxury segment declined 18 per cent, reflecting a deliberate shift away from price-led volumes.

Strong demand for ultra-luxury models such as the AMG G63 and Maybach S-Class, with waiting periods stretching up to a year, is giving Mercedes room to push through price increases.

## BMW BETS ON SCALE

BMW India is driving a wider

play across segments. It sold 18,001 cars in 2025 and reported 17 per cent growth on-year in the March quarter.

Electric vehicles are central to its strategy. One in four BMW cars sold in Q1 was electric at 1,185 units, up 83 per cent on-year, giving it over 70 per cent share of the luxury EV market. "We are cognisant of what we are missing out in entry-level luxury EVs," Iyer said.

Mercedes is looking to respond with the launch of the CLA Electric at ₹55-60 lakh, built on the new MMA platform and premium than the iX1. The contrast is increasingly clear: BMW's iX1 serves as an accessible entry point into luxury EVs, while Mercedes continues to prioritise higher range, larger batteries and premium positioning.