

Carmakers in top gear on rural roads

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AFTER WITNESSING A faster-than-anticipated rise in demand for expensive cars and SUVs from aspirational buyers in FY24, automakers are keen to keep the rural outreach programme in top gear, as volume growth in these areas is expected to outstrip urban growth yet again.

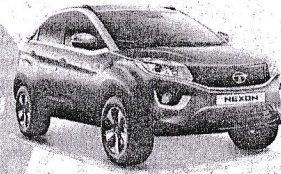
Leading players like Tata Motors, Hyundai and Skoda are coming up with specific strategies to target these customers. For example, Hyundai has implemented a range of initiatives, including Grameen Mahotsavs, improved collaborations with financiers, showroom-on-wheels, hyperlocal marketing, mobile service vans and rural sports partnerships.

"We are witnessing a transformation in rural consumer behaviour, where aspirations are on the rise," Tarun Garg, chief operating officer, Hyundai Motor India, told *FE*. The growth in buying power among rural buyers for Hyundai is visible from the share rise to 20% in FY24 from 17% in FY19 when the now discontinued Santro was a part of the portfolio.

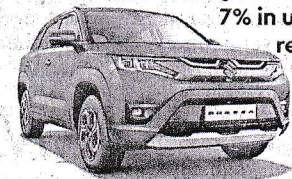
Tata Motors has rolled out 135 showrooms on wheels, 'Anubav', which has helped it improve its cache of first-time buyers. Although the concept of showroom on wheels is not new, there is an acceleration in its adoption to reach the hinterlands where traditional showrooms are not economically feasible.

IN THE FAST LANE

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■ **For Maruti Suzuki, 11% sales growth in rural market in FY24 were higher than 7% in urban region**



■ **Hyundai** has implemented a range of initiatives, including **Grameen Mahotsavs**



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■ **About 80% of Skoda's 100 new dealerships to come up in tier 3 and 4 markets**

"We've noticed a significant uptick in first-time buyers in rural areas, constituting approximately 60-70% of our customer base. EV purchases vary from 25-30% in upcountry regions which generates 40% of its sales from rural markets," said a Tata Motors spokesperson.

The pull from markets beyond tier 1 and 2 is so strong that even a premium brand like Skoda Auto is going all out to woo buyers for its new SUV, which debuts in 2025. Skoda aims to make the new SUV versatile to appeal to the rural buyers.

About 80% of Skoda's 100 new dealerships earmarked for the next 12 months will come up in tier 3 and 4 markets. These markets have also

generated 80% of the entries for the SUV naming contest launched by the European brand.

Petr Janeba, brand director, Skoda Auto India, said, "This car (upcoming SUV) is the perfect balance for metros and tier 3-4 markets. For non-metros, it is a basic mobility car and we will have some specification which will exactly target these customers."

Improved crop income, sustained boost in government infrastructure spending and skyrocketing land prices have led to an increase in disposable incomes in the hands of the rural buyers over the last few years. "People were earlier hesitant because of bad roads. Now the demand for the Creta (India's highest-selling SUV) in

rural areas is as strong as in urban areas," Garg added.

For Maruti Suzuki, the country's largest carmaker, the 11% growth in sales volume in the rural market during FY24 was higher than the 7% seen in the urban region. Compared to the industry average of 33%, the share of the rural market within Maruti's basket surged to an all-time high of 45% during FY24.

Domestic car and SUV sales in FY25 are expected to grow only between 2.5 and 3%, which will be much less than the 9% growth clocked in FY24. This would mean an incremental volume of 106,000-127,000 units against 340,000 in FY24.