

# Luxury carmakers gear up for a speedy ride in smaller cities

SHINE JACOB

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Smaller cities in India are likely to witness a surge in the number of the most luxurious cars. All the major luxury brands — such as Mercedes-Benz, BMW, Lamborghini, and Lexus — now expect non-metro cities to be their next growth markets in India.

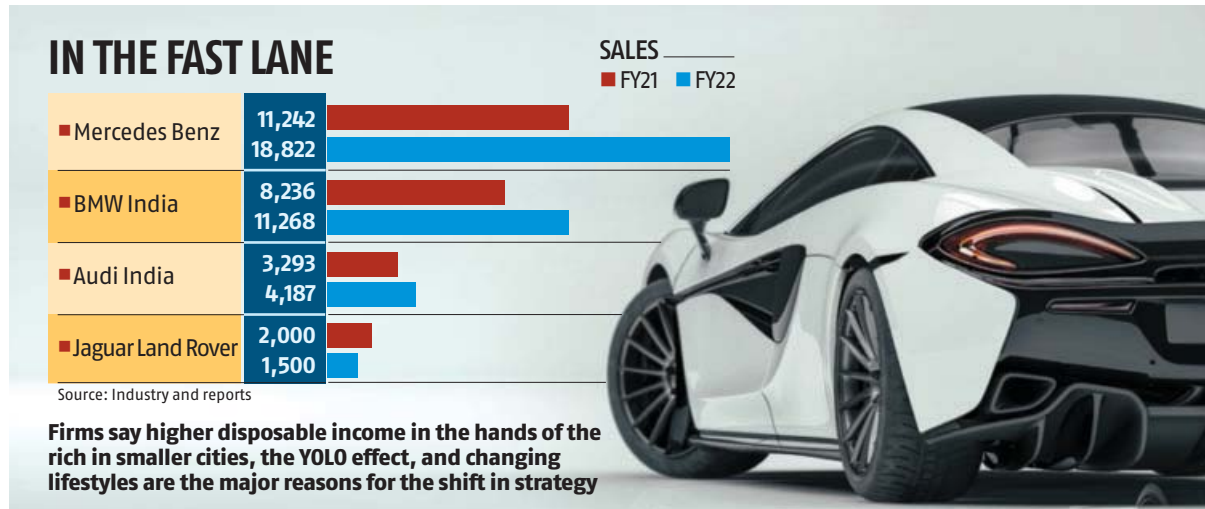
Companies highlight higher disposable income in the hands of the rich in smaller cities, the YOLO effect (you live only once), and changing lifestyles as the major reason for the shift in strategy. A lot of these companies are reporting a waiting period of 6-18 months for their luxury cars, indicating a rise in demand.

In 2022, Mercedes-Benz topped the sales charts in the luxury car segment, selling 15,822 units, up from 11,242 units in 2021, followed by BMW (11,981 units compared to 8,236 units), and German major Audi with total sales of 4,187 units.

“At Mercedes-Benz, we categorise markets as metros and mini-metros, underlining their potential and growing

semblance in terms of customers’ lifestyle, their awareness, and disposable incomes, resulting in higher purchase power and increased luxury consumption. The share of luxury car sales to million-dollar HNIs (high net-worth individuals) in these mini metros is also growing, just as in larger metros,” said Santosh Iyer, managing director and CEO, Mercedes-Benz India. At present, Delhi and Mumbai alone contribute 45 per cent of Mercedes-Benz’s annual sales. The mini-metros the company is focusing on include Coimbatore, Nashik, Kozhikode, Mangaluru, Bhubaneswar, and Indore.

CY22 was the best-ever year for BMW Group in India in all three brands — BMW, MINI, and BMW Motorrad. “We have seen strong contributions from established markets i.e. metropolitans. At the same time, emerging markets in tier-II and III cities have grown rapidly and are showing remarkable growth prospects for the future,” said Vikram Pawah, president, BMW Group India. The company is betting big on emerging markets such as Chandigarh, Kochi,



Jaipur, Goa, and Lucknow, where it is already seeing a “very strong” growth in demand.

Pawah said other cities where the company foresees great potential and has already established world-class dealerships include Ludhiana, Udaipur,

Kanpur, Mangaluru, Kozhikode, Coimbatore, Vijayawada, Madurai, Thiruvananthapuram, Vadodara, Dehradun, Bhubaneswar, Ranchi, Ahmedabad, Rajkot, Surat, Goa, Aurangabad, Indore, Nagpur, and Raipur. “BMW Group India looks to

broaden its horizons by creating more exclusive touch-points to connect with the clientele across the country, especially in emerging markets. We will continue to engage clients from emerging markets with successful platforms, such as BMW JOYFEST, BMW

M Performance Training, BMW Golf Cup International, and BMW GS Experience,” he said. The average waiting period for BMW is currently up to six months, depending on the model.

Tier-I and II cities now contribute to more than 25 per cent of Lamborghini’s sales, with the remaining 75 per cent coming from metros. The company has already started a programme called ‘Lamborghini In Your city’, through which it is identifying people in smaller cities who have a passion for luxury cars. “In India, wealth is not restricted to the four metros. We are already having Lamborghini owners in at least 50 cities in India. We are going to reach out to more tier-I and tier-II cities. We are getting huge demand from these areas and all our models are having a waiting period of around 18 months,” said Sharad Agarwal, head of Lamborghini India. In 2022, the brand sold 92 units — a growth of over 33 per cent compared to 2021.

Industry players said the sector is seeing a revival after two years of hiatus and is expected to soon touch the pre-pandemic peak.