

Style, safety drive preference for premium features in cars

SOHINI DAS

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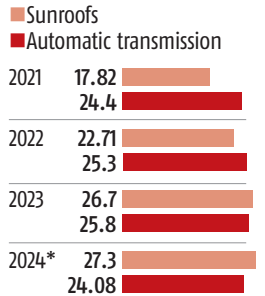
Rajiv Joshi (name changed) was planning a road trip to Goa with his family this winter in the new car they purchased during Diwali. His teenage son was keen on having ventilated or air-cooled seats and a panoramic sunroof for the nearly 12-hour drive from Mumbai to Goa, while Joshi and his wife prioritised buying a car with at least six airbags and a five-star Global NCAP safety rating.

A Tata Motors dealership in the eastern suburbs of Mumbai said panoramic sunroofs and safety ratings are key demands from customers.

This shift in consumer preference reflects the company's sales numbers as well. A Tata Motors spokesperson told *Business Standard* that demand for sunroofs grew by 24 per cent between April and October compared to the same period last year. Meanwhile, demand for automatic transmissions

SHIFTING DYNAMICS

Figures in (%)



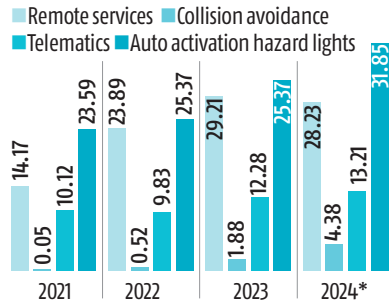
*YTD October Source: Jato Dynamics

increased by 14 per cent, and Advanced Driver Assistance Systems (ADAS) features saw 80 per cent growth. As of October 2024 (year-to-date), 37 per cent of Tata Motors cars sold feature panoramic sunroofs, 27 per cent come with automatic transmission, and 35 per cent include ADAS features.

Industry watchers confirm the growing demand for premium features. Ravi Bhatia, president of Jato

Dynamics, said the increasing adoption of sunroofs, ADAS, and automatic transmissions signals a clear shift in market dynamics toward feature-rich vehicles. "Rising vehicle prices may challenge affordability but align with evolving consumer aspirations. Features like parking sensors, telematics, and rear occupant alerts are becoming standard, indicating the growing importance of

ADAS features



safety in consumer choices," he said.

Data from Jato Dynamics shows that sunroof penetration has increased to 27.36 per cent as of October 2024 from 17.82 per cent in 2021. Automatic transmission adoption has remained relatively stagnant at 24 per cent. However, demand for several ADAS features has surged — 100 per cent of cars now have parking distance sensors, 28.23 per

cent include remote services, 13.21 per cent feature telematics, 38 per cent are equipped with auto-activation hazard lights, and 7.78 per cent offer multi-collision braking.

As a result, the weighted average retail price of vehicles has risen from ₹9.84 lakh in 2021 to ₹12.44 lakh in 2024.

Major original equipment manufacturers (OEMs) are also witnessing this shift in consumer preferences.

Tarun Garg, whole-time director & chief operating officer of Hyundai Motor India (HMIL), said: "Indian customers are continuously evolving, and aspirations are taking precedence over functionality. At HMIL, we listen to our customers' feedback and are cognizant of their aspirations."

When HMIL introduced the Creta in 2015, SUV penetration in the Indian automobile market was only 13.5 per cent. Currently, SUVs contribute 68 per cent of HMIL's overall domestic sales, higher than the industry average of 54 per cent for FY25.

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Rise in road trips, inter-city travel drive demand for premium specs

Sunroof penetration in HMIL models increased to 53 per cent in the first half of FY25 from 47.4 per cent in the same period last year. Similarly, ADAS penetration in HMIL's lineup — available in eight of 13 models — rose from 3.3 per cent in H1 FY24 to 14.4 per cent in H1FY25. Penetration of automatic transmission also grew from 23.2 per cent in H1 FY24 to 25.3 per cent in H1 FY25.

Dealers say the profile and preferences of Indian car buyers are evolving rapidly. C S Vigneshwar, president of the Federation of Automobile Dealers Associations (FADA), told *Business Standard* that safety features, such as airbags, are now standard queries from customers, driven by an increase in road trips and inter-city travel.

“Customers don't mind paying a few thousand extra in their monthly EMIs for premium features that offer emotional satisfaction, like ventilated seats or sun-roofs. Earlier, fuel economy was a major concern for potential car buyers. With more young buyers entering the market, features have become the main draw,” Vigneshwar said.

Many Indians now travel abroad and, and back India they desire to own vehicles with features they experience overseas.

