

'Volkswagen India will explore local assembly of electric vehicles'

bl. interview

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German automaker Volkswagen is increasing its presence across the country. Ashish Gupta, Brand Director, Volkswagen Passenger Cars India, spoke to *businessline* on the company's roadmap for expansion, electrification plans, consumer shift, new growth centres, uptick in demand from tier-2 cities, and exports. Excerpts:

Volkswagen India saw a 30 per cent increase in sales in July. What are you expecting in H2?

We will have a growth of up to 25 per cent compared with last year. Last year, Q3 and H2 were depressed for us, especially because of supply constraints.

These issues have now been

resolved and we are confident that the festive season will be good for the company.

What are the expansion plans for Volkswagen India?

We ended 2022 with 150 touchpoints across India, and this year we plan to reach 195 touchpoints. We have 170 touchpoints currently. It has been a major expansion for us and most of it has come from new growth centres, including satellite towns of big cities.

How is the demand for Volkswagen in tier-2 cities?

There is a huge opportunity going ahead, as there is aspiration and demand. The people in tier-2 cities want to buy a Volkswagen and have access to German engineering and global technology.

With the uptick in

demand in the SUV segment, how is the demand for your premium car offerings?

Consumers will not compromise on safety and other features. If you look at the typical sales curve in the automobile industry, 25 per cent is in the lower variant, the bulk of demand sits in the middle-priced vehicle offering (up to ₹15 lakh), and then one would have to taper in the higher end.

However, for us, it is the reverse, wherein our highest demand is for the top-end variant — the customers recognise that the cars offer convenience, safety, and features; 35 per cent of our cars sold are upward of ₹18 lakh.

What is the electric vehicle (EV) strategy for Volkswagen India?

Plans for the introduction of EVs are still being discussed.

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ASHISH GUPTA
Brand Director, Volkswagen
Passenger Cars India



Volkswagen is one of the largest electric producers in the world; we have options to bring in products from our international portfolio 'fully built unit' (FBU) or local assembly. We will be exploring the local assembly of EVs.

Electrification in India will happen in steps. The end step is the local production of electric

cars, which is mass electrification, which in India is still three-four years away. I see most manufacturers coming up with mass-scale local production of EVs by 2026-27.

What is the sales conversion rate for Volkswagen cars in India?

Nearly 18 per cent of customers for Taigun and Virtus are existing owners of a Volkswagen who have added a new car or have changed to a new Volkswagen. In the industry, the re-purchase rate is 8-10 per cent and our loyalty rate is upward of 15 per cent, which is a testament to our saying: Once a Volkswagen owner, always a Volkswagen owner. Our conversion rate in terms of test drive to final conversion is nearly 30 per cent, and from test drive to booking we are almost 35 per cent.

Is there any plan for ramping up exports for Skoda Auto-Volkswagen India from its Chakan plant?

We export nearly 65,000 cars every year to 50 countries, with the major demand being from Mexico and South Africa. Of the 65,000 exports from the

common plant with Skoda, 95 per cent is the Volkswagen brand. We are exploring newer markets; if we see a demand uptick then we will ramp up exports. One has to make sure the products are suited to the conditions and price points in the various markets. Volkswagen is a major player in the overseas market.

What is the status on of the expansion of the Chakan plant?

The expansion of the plant is ongoing.

What changes have Volkswagen seen in consumer behaviour?

We found almost 35 per cent of our Polo owners were women, but the demographic data or registration data has 98 per cent of cars registered in the name of the man of the house. A similar percentage exists for the Taigun and Virtus, wherein