Automatic (automatic transmission) cars in India, until recently, were seen as “expensive,” “fuel-guzzling” and “high-maintenance” technology that was accessible only to wealthier consumers who were able to purchase high-end cars. This is clear from the fact that, until 2013, only 4% of all passenger cars sold in India were automatics.

However, with newer technologies, judicious pricing, improvements in mileage, better marketing and the promise of a smoother and less-stressful commute, things are changing—and quite rapidly. Today, one in every 10 cars sold is an automatic car.

### Automatic Vehicles

<table>
<thead>
<tr>
<th>Units Sold</th>
<th>Share of the Overall Market (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>98,500</td>
<td>4</td>
</tr>
<tr>
<td>125,000</td>
<td>5</td>
</tr>
<tr>
<td>165,000</td>
<td>6</td>
</tr>
<tr>
<td>500,000</td>
<td>10-12</td>
</tr>
</tbody>
</table>

Source: Industry sources and Frost & Sullivan
THE ERA OF AUTOMATICS

While automatics come in different formats and technologies, the game changer has been the recent introduction of the cost efficient AMT or automated manual transmission, which offers convenience, easy manoeuvrability given India’s traffic-heavy road conditions and great fuel efficiency, at an accessible price point. And combined with some clever marketing strategies by industry leaders, this segment began to get positive responses from consumers—clearly indicating a latent need for automatics in Indian market.

The real buzz started when AMT was launched in entry-level hatchbacks, which received a very good response from car buyers in India. Moreover, since the obvious upgrade for consumers purchasing/owning an AMT will likely be to a pure automatic for subsequent purchases, India’s market for automatics is only set to expand.

THE SHIFT TO AUTOMATIC CARS

AWARENESS: Our studies show that four out of five consumers who are owners or intenders of a car have heard about automatics from one source or another.

<table>
<thead>
<tr>
<th>AWARE</th>
<th>NOT AWARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>89%</td>
<td>11%</td>
</tr>
<tr>
<td>69%</td>
<td>31%</td>
</tr>
</tbody>
</table>

Source: Nielsen

TRIAL/TEST DRIVE: Most consumers intending to purchase an AMT have driven an automatic car owned either by a friend or a relative, especially in the hatchback or entry sedan segments.

<table>
<thead>
<tr>
<th>TEST DRIVE</th>
<th>TOTAL</th>
<th>HATCHBACK</th>
<th>ENTRY SEDAN</th>
<th>PREMIUM SEDAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test Drive at Dealership</td>
<td>41%</td>
<td>46%</td>
<td>50%</td>
<td>45%</td>
</tr>
<tr>
<td>Friends/Relatives</td>
<td>70%</td>
<td>72%</td>
<td>71%</td>
<td>59%</td>
</tr>
</tbody>
</table>

Base: Total 380 (Hatchback: 173; entry sedans: 119; premium sedans: 101)
Source: Nielsen
**AN EARLY START TO AUTOMATICS:** Across all ages, 54% of the consumers are considering automatics for the next purchase. However, adoption is highest amongst younger segments, with three out of five consumers aged 26-30 considering one for their next purchase.

![Graph showing adoption rates across different age groups.](image)

Source: Nielsen

**INTEREST ACROSS SEGMENTS:** The shift toward automatics isn’t occurring for just one vehicle type but across segments. In fact, the most car buyers looking at automatic variants are in the compact sports utility vehicle (CSUV)/SUV segments.

![Graph showing interest across different segments.](image)

Source: Nielsen

**MONEY MATTERS:** Our study also found that while consumers across segments are willing to consider an automatic for their next purchase, the expectation and willingness to pay the cost premium varies between INR25,000 – INR100,000 depending upon the technology and features offered.

![Graph showing cost premiums for different vehicle types.](image)

Source: Nielsen
CHANGING PERCEPTIONS OF AUTOMATICS

Why are car buyers gravitating toward automatic cars now? Some of the key reasons include:

**WITH THE TIMES:** Early adopters feel the need to evolve with or before market trends, and to this effect, automatics are their preferred choice.

**NOVELTY:** Many consumers see automatic technology and ownership as a status tag and a conversation-starter amongst peers.

**NATURAL PROGRESSION:** Consumers who have driven manual transmission all along, view automatics as the next level.

**ENHANCED COMFORT:** Car buyers who seek “convenience” over “cost” are more willing to purchase an automatic as their next car.

I WAS PLANNING TO BUY THE TOP VARIANT WITH AUTOMATIC TRANSMISSION BUT SURPRISINGLY, THEY DIDN’T HAVE IT. AUTOMATIC TRANSMISSION WAS AVAILABLE ONLY IN THE MID-VARIANT, WHICH HAD FEWER AIRBAGS THAN THE TOP-END MANUAL VERSION. THIS LIMITS MY OPTIONS OF HAVING A CAR THAT’S BOTH FEATURE-LOADED AS WELL AS AUTOMATIC.

- CSUV CUSTOMER

THE AUTOMATIC ADVANTAGE

Most car buyers say they’re interested in moving to an automatic car to free themselves from frequent gear shifting and the resulting fatigue experienced in manual cars especially during longer drives.

Ease of driving, especially in the city, are driving more and more consumers to automatics. Road traffic conditions in India are getting worse day by day. The average number of vehicles in India has grown at the rate of 10.16% annually over the last five years. In fact, according to a Nielsen study, 75% of women are considering purchasing automatics for their next purchase.
FOCUS ON THE SUPER CONSUMER

The automobile super consumer—a comparatively smaller segment of the total auto consumer population who are interested in and more likely to purchase top-end variants/trims—is another group that manufacturers can reach out to and connect as potential buyers of automatic cars. According to a Nielsen study, approximately 40% of the super consumer segment owns more than one car. These dual-car-owning consumers often have households with two or more wage-earning members.

SUPER CONSUMER: PROFILE OF MULTI-CAR OWNERS

While such super consumers span across all types of cars, more consumers looking for high-end accessories and detailing (high trim) can be found in the sedan and multi-purpose vehicle (MPV) categories.

CAR TYPES AND PREFERENCES

Source: Nielsen
BARRIERS TO PURCHASE

While majority of the consumers are open to considering automatics as their next purchase, the perception of lower mileage and the lack of familiarity (difficulty in moving from manual to clutch-less driving) are some key barriers for trial.

“I FEEL THAT AUTOMATIC CARS ARE TOO COMPLICATED TO LEARN AND ADAPT TO. AFTER HAVING DRIVEN MANUAL ALL ALONG, IT WOULD BE DIFFICULT FOR ME TO GET USED TO DRIVING AN AUTOMATIC CAR.”

- OWNER OF A B-SEGMENT MANUAL CAR.

Some of the consumers also believe that automatics are not meant to be driven on Indian roads due to a bumper-to-bumper traffic, quite contrary to one of the key benefits that this technology offers.

For a smoother ride

- Educate potential customers about the ease of driving automatic cars.
- Assisted test drives to break the perception of automatics being “too advanced” or “difficult to adapt to.”
- Ensure that the automatic option is also available in the top variant, especially in the sedan, C-SUV/ SUV segments.

Source: Nielsen
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