



Kia enters India

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As one of the last major global brands still notable for its absence from the Indian market, Kia created headlines with the announcement in 2017 that it would invest US\$1.1 billion in a manufacturing plant in Andhra Pradesh. Since then, the company's progress has been closely scrutinised by media outlets, consumers and analysts alike.

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Kia's long-awaited inaugural model, the Seltos SUV, finally made its Indian market debut in August this year. By offering a vehicle with an impressive list of features, at the very competitive price of US\$13,000-22,000, Kia was able to generate offers to the tune of 35,000 at a time when even the highest-selling models have seen sales plunge from a year ago.

With 18 variants and six powertrain options, Seltos buyers are spoilt for choice. The model also has the distinct advantage of being BS-VI compliant from the outset, while its rivals will have to play catch-up by upgrading their engines to meet the stricter emissions norms before the April 2020 deadline.

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In another judicious move, Kia prepared 265 touch points in 160 cities across India to sell the Seltos. Given this widespread retail network and a healthy order book, it comes as little surprise that Kia delivered 6,000+ units of the Seltos to its dealerships in the first month of launch.

While we were never in doubt that Kia's maiden model in India would be an SUV, our initial market intelligence in 2017 indicated that the next vehicles in Kia's line-up would be sedan and hatch versions of a Sub-Compact Car, followed later by a Mini Car.

These plans have clearly changed, however, as Kia recently indicated that its initial focus will be on the utility segment. The second model to hit the market is therefore likely to be an MPV – possibly the Carnival.

Reports have also surfaced that Hyundai is developing an all-new MPV model, which Kia could borrow and give it a different top hat. These reports, however, are yet to be fully confirmed.

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What is apparent is that Kia has cancelled plans to enter the Mini Car segment as the more stringent safety and emissions requirements have made these vehicles less price competitive. Not to mention the fact that Kia would struggle to offer a model capable of rivalling a Maruti-Suzuki or Hyundai Mini Car when it comes to price point.

But to ignore India's bread-and-butter Sub-Compact Car segment entirely would be a mistake. So, while its immediate emphasis on SUVs and MPVs is sound, Kia will have little choice but to look to the Sub-Compact Car segment in due course.

In short, if Kia is to make its mark in India, only a well-rounded product strategy will do.