

 AMMAR MASTER, SENIOR MANAGER, ASIA PACIFIC VEHICLE FORECASTS

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VW Group bets on sedans in India

Sales of sedans in India have been lacklustre in the last few years, but the recently launched Škoda Slavia and the upcoming Volkswagen Virtus will attempt to change that.

As buyers shifted their preference from cars to SUVs, the sedan category bore the brunt of this change in consumer attitudes. Automakers correspondingly shied away from introducing new cars and instead expanded their SUV lineups, so much so that the share of cars declined from 70% in India's Passenger Vehicle (PV) market in 2017 to around 50% last year. As a result, sales of sedans shrunk sharply – from 571,000 units in 2017 to just under 300,000 units in 2021. The market share of sedans accordingly halved to 10% last year.



The recently launched Škoda Slavia and the upcoming Volkswagen Virtus should help bolster sales in the sedan category in India.

Why then is the VW Group introducing new sedans? To begin with, the introductions of the Slavia and the Virtus follow the launches of the Škoda Kushaq and the Volkswagen Taigun SUVs. This means that the VW Group is following a balanced strategy of revitalising its business in India under its India 2.0 Project by not only targeting the fast-growing (yet highly competitive) SUV segment but also spreading its risk to the car market.

Furthermore, the group is betting on less competition in the sedan category to win over buyers for the Slavia and the Virtus. Nonetheless, Škoda has priced the stylishly-designed Slavia very competitively to give the likes of the Honda City a run for its money. We anticipate the Virtus to also be offered at an attractive price.

Indeed, we assume the Slavia to be a major growth driver for Škoda in India, with projected sales of about 30,000 to 40,000 units annually through the long term. The upcoming Virtus will also be a critical product for Volkswagen, as we predict annual sales at around 20,000 to 50,000 units in the long term.

And while the share of sedans in India's PV market is predicted to remain stable at 11%, the size of the sedan market is forecast to expand to 550,000 units by the end of this decade. This should urge any automaker looking to bolster its volume in India to participate in the segment.