

A wide-angle photograph of a busy street in an urban area of India. The street is filled with various vehicles, including yellow and black taxis, a white van, a red three-wheeled truck, and a white delivery truck with a box trailer. The buildings on either side are multi-story, showing signs of age and wear, with some balconies and windows visible. The sky is overcast and grey. The text 'OLX AUTO NOTE 4 2020 EDITION' is overlaid in large white letters, and 'Bharat to power India's pre-owned car growth story' is overlaid in smaller white letters below it. The OLX logo is in the bottom right corner.

OLX AUTO NOTE 4 2020 EDITION

Bharat to power India's pre-owned car
growth story

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ABOUT OLX AUTO NOTE 4

As the country gears up to unlock, a new phase in the COVID-19 pandemic is upon us. The attention is shifting to reopening the economy and restarting economic activities. Consumer sentiment has started to pick up after the dip in April and May, as the country transitions into phase wise reopening plan.

As the economy recovers, there are green shoots visible in the pre-owned auto industry. OLX has seen a **25% increase** in demand for pre-owned cars. OLX's 4th edition of the Auto Note reveals that 55% of automobile buyers plan to use a personal vehicle in the near future, and **non-metros are leading this revival in demand for pre-owned cars**. The pre-owned car market size outnumbers the new car market by 30% in volume.

This spurt is driven by (a) concerns about hygiene and not wanting to share personal space with strangers and (b) financial constraints faced by potential buyers, leading to opting for pre-owned vehicles and not new.

Supply for pre-owned cars has recovered back to **90%** in July led by the popular Hatchback-Sedan category.

OLX Auto Note is the industry's most comprehensive knowledge resource on the pre-owned automobile ecosystem given OLX controls 80% of the pre-owned automobile market in India. The first edition launched in 2018 was aimed at addressing the knowledge deficit of the industry, which is 30% larger than the new automobile market.

METHODOLOGY

OLX and OLX CashMyCar conducted the study with over 3800 respondents in the months of March-June to determine the sentiment of automobile buyers and sellers across India for new and pre-owned cars. OLX also mined insights from over 450k buyers & sellers on the platform for the study. The respondents surveyed were from leading metro and non-metro cities across India who were either planning to buy a car or had brought a pre-owned car online in the last 3 months.

The Restart: Non-metros propelling growth

"While COVID-19 has been a black swan event for the automobile industry at large, we are starting to witness signs of improvement, especially in the pre-owned cars industry. Changing preferences, evolving customer needs and an entirely new set of rules for social interactions have given rise to demand in the non-metro cities. Non-metro cities now form a major chunk of buyers and sellers for our platform. **He further added,** "This spurt in demand, as can be gleaned from the study, is due to a mix of preference for a personal mobility vehicle owing to increased hygiene concerns, lack of availability of public transportation, otherwise limited shared mobility options and a revival/resilience of the rural economy."

Sunny Kataria, VP Auto, OLX INDIA



COVID 19 impact: Hope with caution

"COVID-19 has been a stress test for the dealer community and the pre-owned car retail business overall. For pre-owned car dealers, the focus right now would be on liquidating their existing inventory, in order to meet their working capital requirements. I also expect more dealers to digitize their businesses in the months to come, to cater to the consumer demand which is shifting online. **He further added,** "At OLX CashMyCar, we are adhering strictly to the government guidelines related to workplace safety, security and sanitation. All of our 75 stores pan India are open currently for customers to visit as per the local regulations. Keeping the hygiene quotient in consideration, we have launched home inspection services across the country as well."

Amit Kumar, Business Head, OLX CashMyCar





KEY FINDINGS OF THE STUDY

- Metro and non-metro trends
- Millennials and non-millennials trends
- Overall findings



BHARAT TO DRIVE GROWTH IN THE PRE-OWNED CAR INDUSTRY

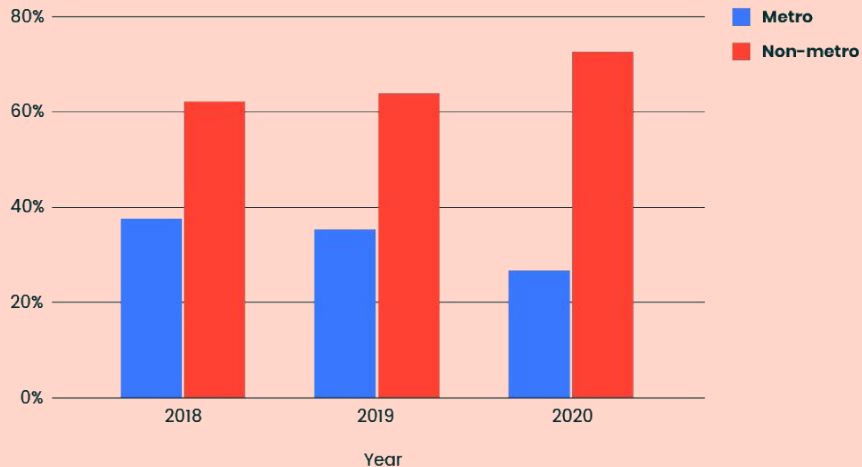
- Of all respondents keen to buy a car, **30% of those in Metros** would prefer buying a pre-owned car. The same is a whopping 70% for those from Non-Metro towns.
- The opposite holds true for new cars. **30% of non-metro respondents are likely to opt for a new car in the next 6 months, vs 70% metro respondents.**
- **72%** of people surveyed across metros and non-metros shared that COVID-19 has dented their budgets to buy a car
- Across Metros and Non-Metros, **50% of respondents** have a budget of lower than 3 lakhs for a car.



Likelihood to buy a pre-owned car in the next 6 months

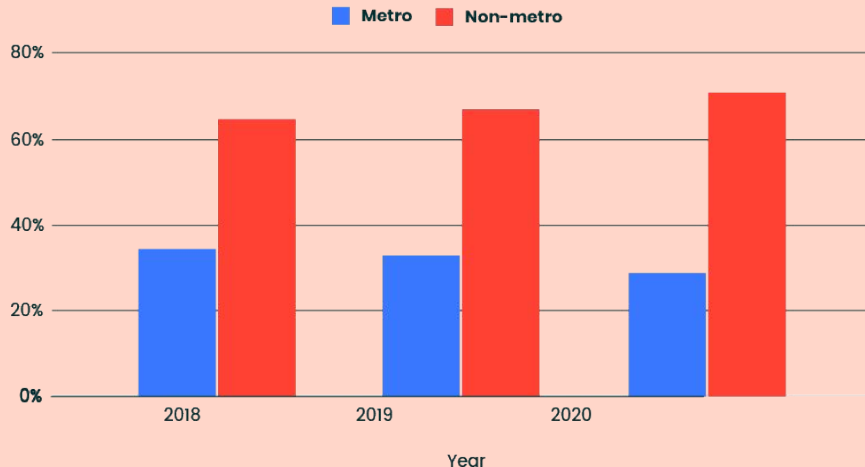
NON METROS POWERING DEMAND AND SUPPLY OF PRE-OWNED CARS

Metro and Non-metro



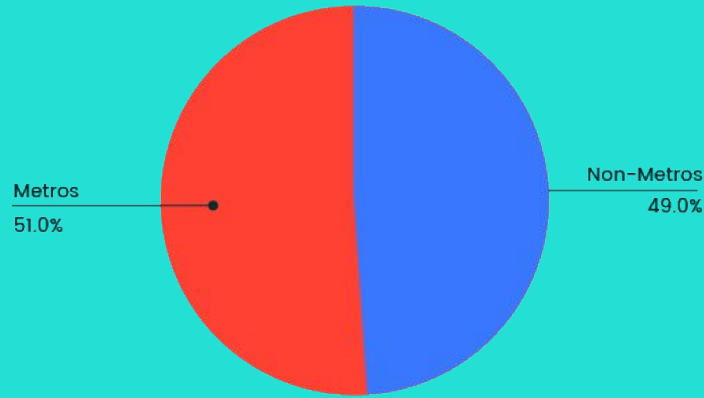
Since 2018, supply of pre-owned cars from non-metro cities has increased by 11%

Metro and Non-metro

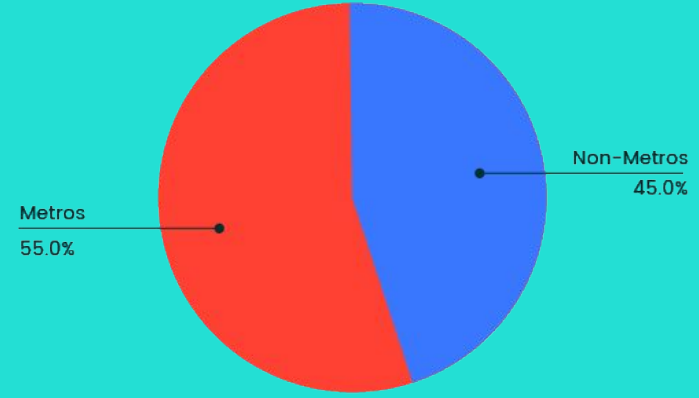


Since 2018, demand of pre-owned cars from non-metro cities has increased by 6% and is rising annually in a consistent manner

NON-METROS REVV IN STYLE – LUXURY/PREMIUM CARS



Listings (Jan June 2020)



Demand (2020 - 1st 6 months Jan - June)

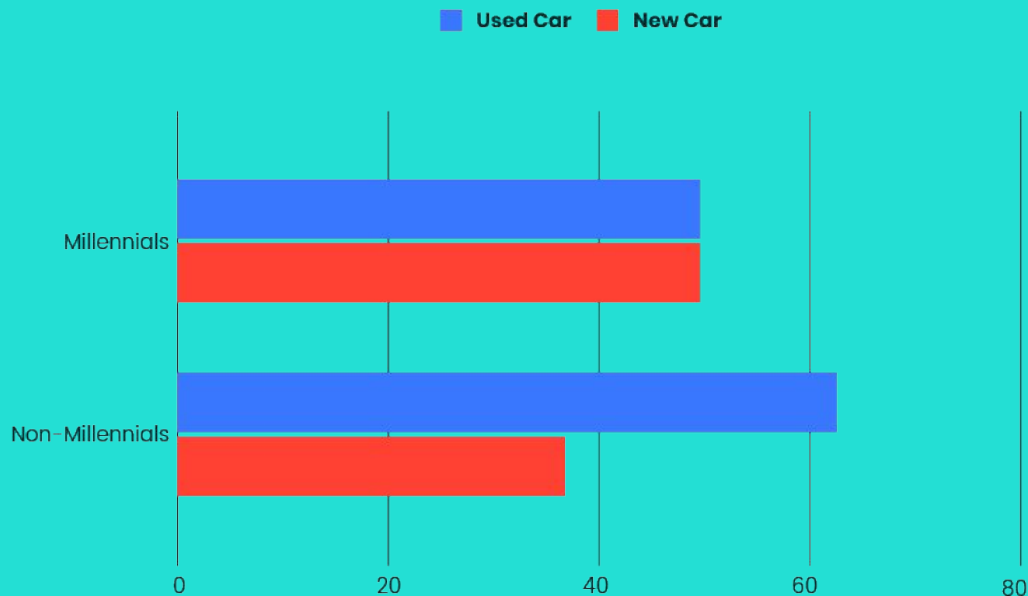
- Owing to the lockdown which has impacted metros more than non-metros, demand and supply of luxury cars from non-metro residents is catching up to the metros in the first 6 months of 2020.
- Non metros and metros in 2020 listed 49% & 51% of luxury cars respectively on OLX
- In terms of demand, non- metros in the first 6 months of 2020 are inching closer to their metro counterparts
- By the end of 2020, non-metros are expected to surpass metros for demand and supply of pre-owned luxury cars as metros continue to grapple with COVID-19 related restrictions

MOST IN-DEMAND LUXURY CARS ON OLX

Metros	Non-Metros
BMW-3-Series	BMW-3-series
BMW-5-Series	Jeep
Audi-A4	BMW-5-series
BMW-X1	Audi-A4
Audi-A6	BMW-X1

NON-MILLENNIALS ARE KEY CONTRIBUTORS TO GROWTH IN THE POST-COVID PRE-OWNED AUTOMOBILE INDUSTRY

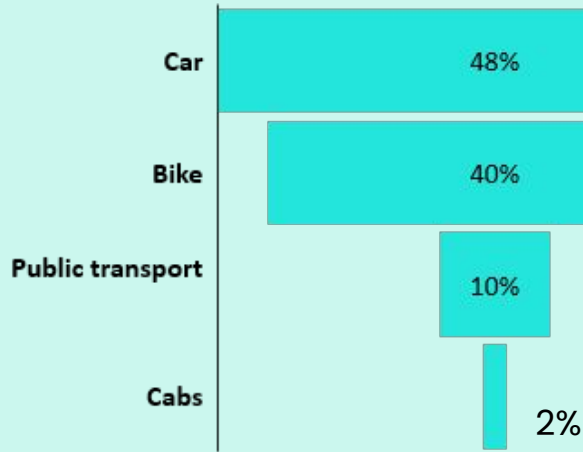
Likelihood to buy a type of car in the next months



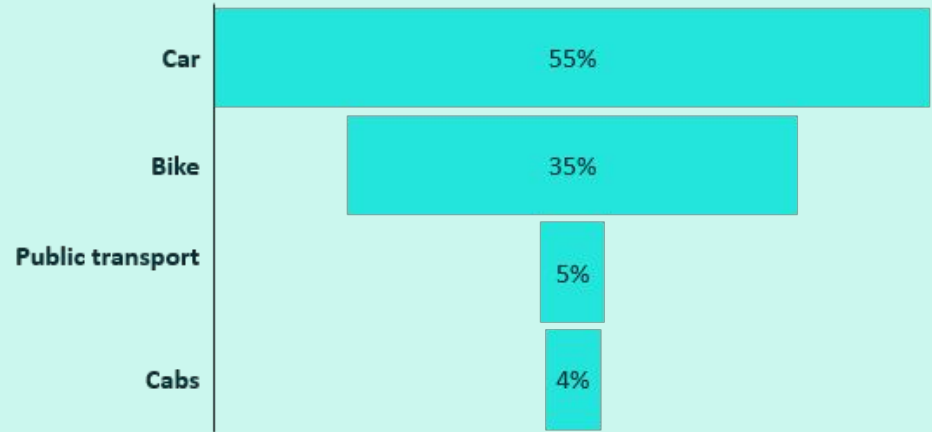
- Among the people who plan to buy a car in the next 6 months, **58% are** millennials (between the ages of 21-37) while **50% are** non-millennials (37+ years old). For the automobile market, this is significant since 33% of Indian population comprises of millennials.
- **63% among** non-millennials plan to buy a used car in the next 6 months, compared to **50%** among millennials.
- **50%** of the millennial respondents have a budget under INR 3 Lacs for a used car, and **43%** a budget under INR 3 Lacs for a new car
- **48% of the** non-millennials have a budget under INR 3 Lacs for used cars, **25%** a budget under INR 3 Lacs for a new car
- Non-millennials have a higher budget for new cars vs millennials

SAFETY IS NO LONGER IN NUMBERS: PREFERENCE FOR PERSONAL TRANSPORT OPTIONS INCREASE

Owing to hygiene concerns, and in order to avoid undue exposure, more people are expected to commute in a the future **(55%)** vs pre-COVID **(48%)**. Preference for public modes of transport is on the decline.



Pre-COVID

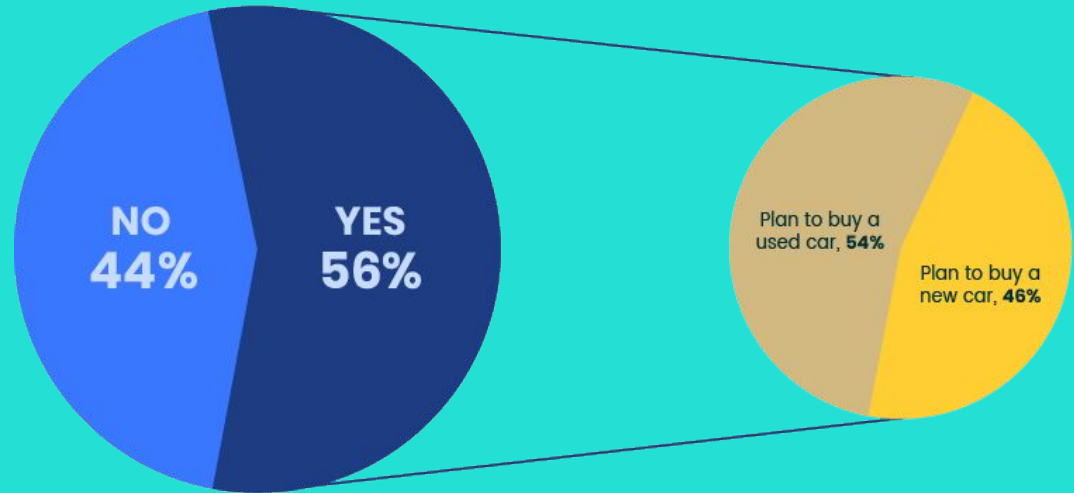


Post-COVID(In the coming future)

OVERALL, THE AUTOMOBILE MARKET COULD SEE GREENSHOOTS OF REVIVAL IN THE NEXT 3-6 MONTHS

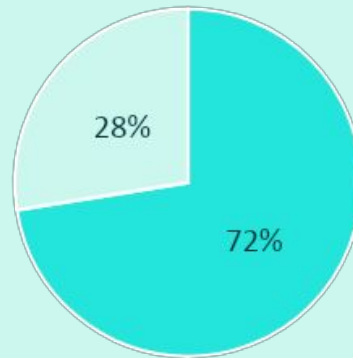
- The automobile industry is expected to start witnessing recovery soon, as **56%** of the respondents plan to buy a car in the next 3-6 months
 - **19%** of whom shifted their preference from new to used due to COVID19
- **54%** of those who plan to buy a car in the next 6 months would prefer a pre-owned car.

Will you be buying a car in the next 3-6 months?

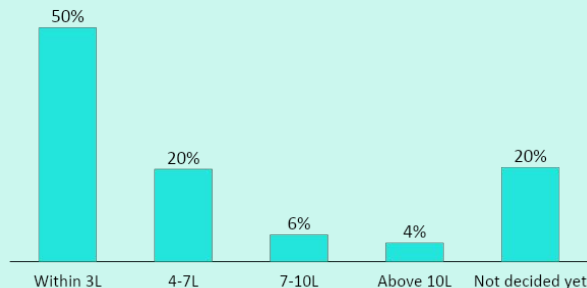


COVID-19 HAS DENTED THE BUDGETS OF POTENTIAL CAR BUYERS

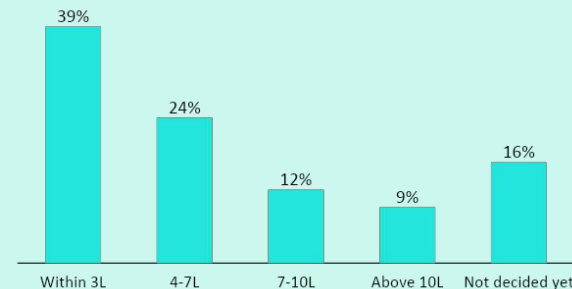
- **72%** of respondents have reduced their car-buying budget due to COVID-19
- **Nearly Half** of the respondents have a budget of less than 3 Lacs for a pre-owned car.
- For new cars, **39%** of buyers have a budget under Rs 3 Lacs, while **24%** have a budget between Rs 4 Lacs – 7 Lacs.



■ Yes, I have reduced the budget ■ No, it has not impacted my budget



Pre-owned car
budgets due to
COVID

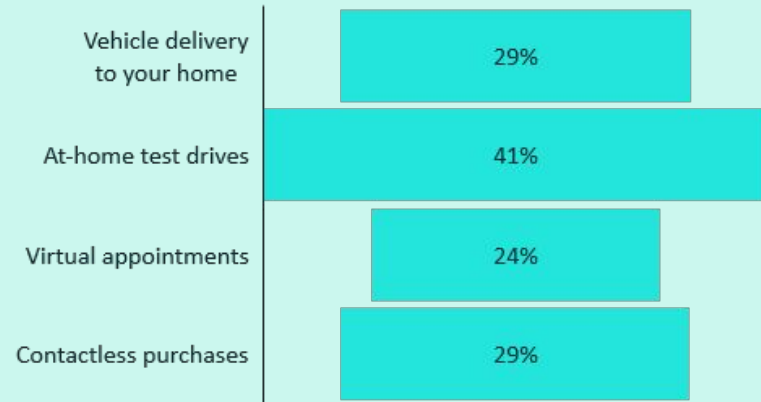
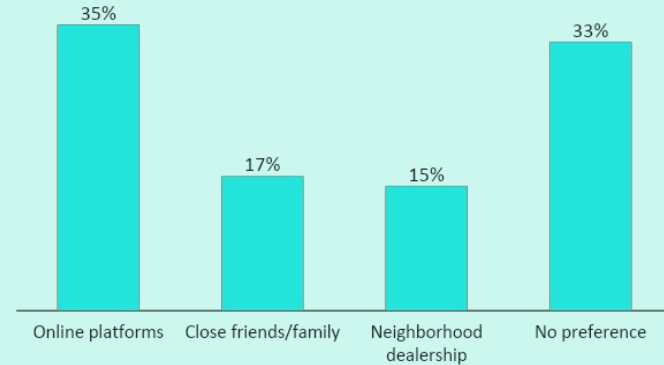


New Car budgets due
to COVID



THE TIME FOR ONLINE IS NOW | DIGITAL PLATFORMS & CONTACTLESS OPTIONS ARE THE PREFERRED MODES

- **35% or 1/3rd of the respondents** expressed preference for online platforms for buying a car, the highest among all options
- **All respondents expressed interest for contactless options and at home delivery of a car**
- **At-home test drives** was the most requested service, chosen by **41%** of the respondents at the time of buying a car



KEY SUMMARY

More people are expected to commute in their personal cars post-COVID (55%) vs pre-COVID (48%). Preference for public transport is on the decline.

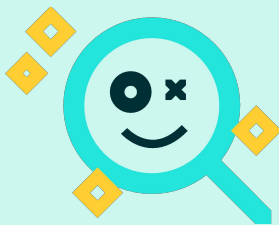
54% of Indians who want to buy a car in the next 6 months would prefer to buy a pre-owned car post-COVID

Out of the people who want to buy a car, 30% of the respondents in Metro would prefer buying a pre-owned car while 70% of respondents in Non-Metro towns are more inclined towards pre-owned cars

COVID-19 has dented the budgets of 72% potential car buyers

Non metros are gradually outpacing metros for luxury cars as well for demand and supply

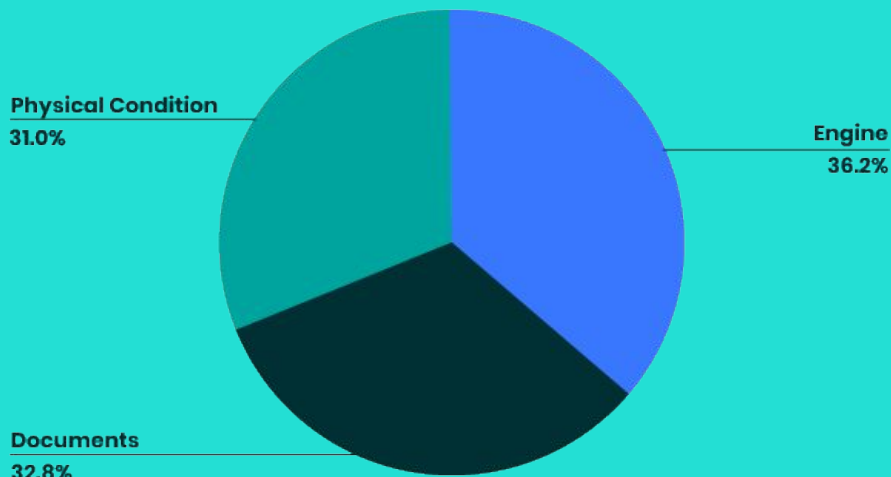
Car buying and selling for new and pre-owned cars to be largely digital. Contactless car purchase options on the rise



KEY FACTORS FOR BUYING AND SELLING PRE-OWNED CARS

KEY USER PREFERENCES FOR BUYING PRE-OWNED CARS

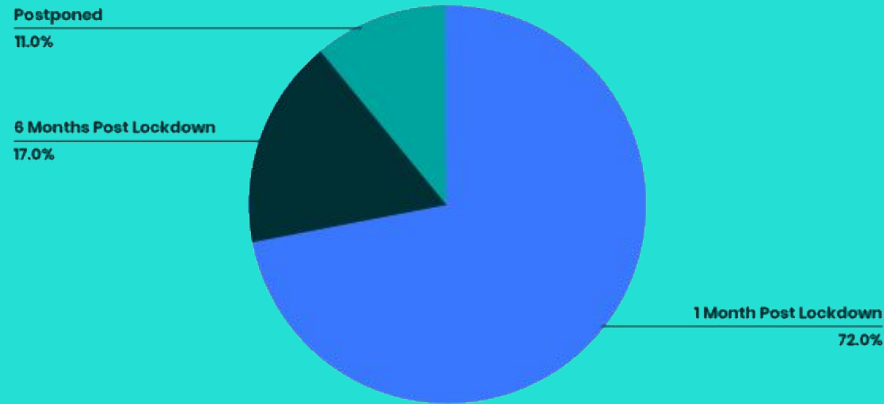
Top 3 Parameters for buying second hand cars



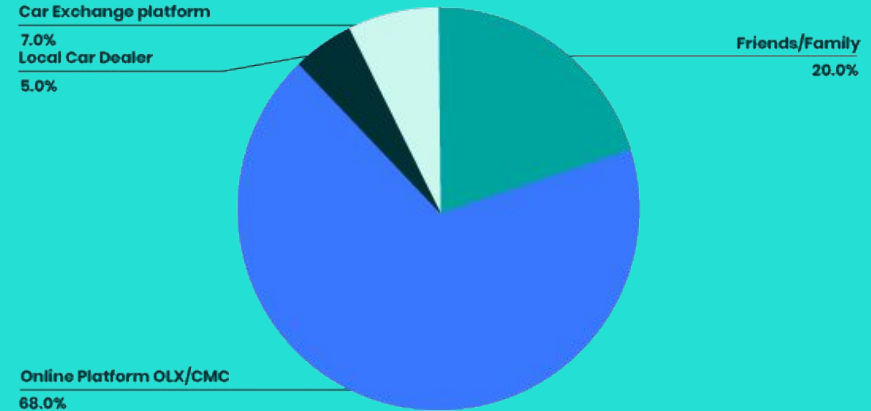
According to the survey, respondents have indicated greater awareness and a need for transparency in proper documentation related to the vehicle. There is also a keen understanding of the functionality and working condition of the car.

KEY USER PREFERENCES FOR SELLING PRE-OWNED CARS

When are you planning to sell car?



Where would you prefer selling your car?



- Even in terms of selling, **72%** respondents were keen to put their car up for sale as early as a month after the lockdown, and over **68%** respondents prefer to do it on an online platform.
- 79% respondents overall were planning to sell their cars anyway
- 62% of people planning to sell their cars also intend to buy a new or used car

DEMAND AND SUPPLY TRENDS FOR CARS ON OLX

PRE-OWNED CAR BUYING TRENDS/DEMAND TRENDS

MOST SEARCHED FOR BRANDS AND MODELS DURING LOCKDOWN

MARUTI SUZUKI- SWIFT,
SWIFT DZIRE, 800, ALTO
AND WAGON-R

MAHINDRA-SCORPIO
AND BOLERO

HONDA-CITY

HIGHEST DEMAND RATE IN CAR CATEGORIES

HATCHBACK

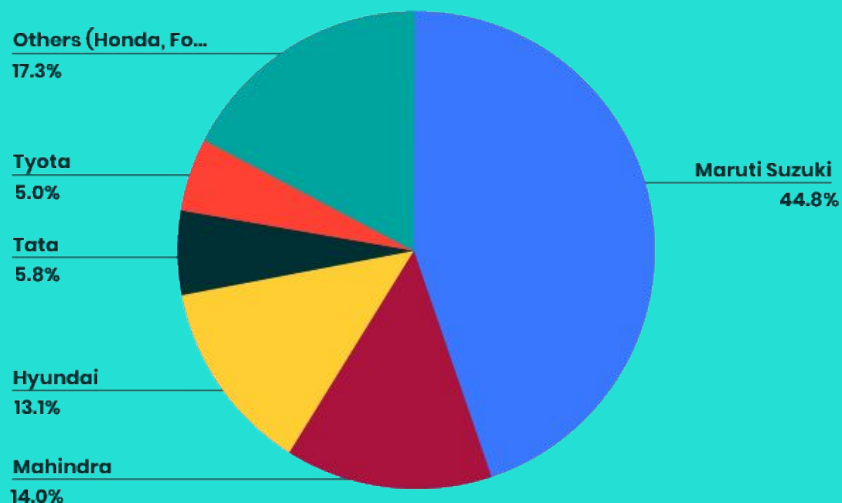
SEDAN

SUV

- a. **Hatchback, sedan and SUV segments have posted the high demand rate in the cars with the highest being that for hatchbacks, followed by sedan and SUV.**
- b. Demand for Hatchback, Sedan and SUV segments has gone up by 25%.
- c. **Non-metros have been outpacing metros in terms of generating demand for pre-owned cars.** Between Jan - June, Non-metros now generate 72% of demand for pre-owned cars on OLX vs 28% by metros.

PRE-OWNED CAR TRENDS/SUPPLY TRENDS ON OLX

MOST LISTED BRANDS DURING LOCKDOWN

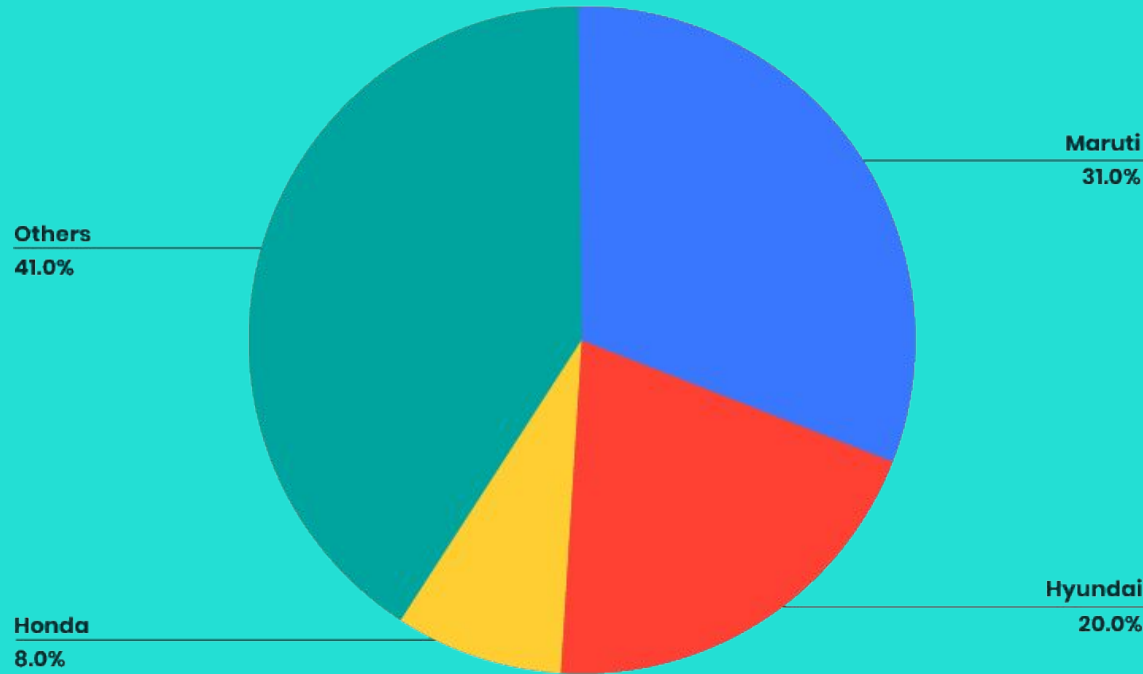


- a. Between Jan – June, Non-metros now comprise 73% of listings on OLX while metros comprise about 27%.
- b. In segments, supply recovery of sedan posted the highest recovery of 90% followed by hatchback with 88%, executive at 86% and SUV at 72%

Brands	Models
Maruti	Swift Dzire, Swift, Alto k10, wagonR
Mahindra	Scorpio, Bolero
Hyundai	i20, i10
Toyota	Innova

Trends on OLX CashMyCar – OLX's offline vertical for pre-owned car retail

Most inspected brands during lockdown



Brands	Models
Maruti Suzuki	Wagonr, Swift, Alto, Swift Dzire
Hyundai	i10, i20, Santro Xing
Honda	City
Toyota	Innova

PRE-OWNED CAR DEALER TRENDS & PREDICTIONS BY OLX CASHMYCAR

DEALER TRENDS

Key challenges in a post covid world

- **Liquidate existing inventory** – Most dealers struggling with 60–80% of unsold inventory making liquidation a key priority
- Clearing out existing inventory would be one of the top priorities for all dealers leading to:
 - **Dealers selling off at reduced prices** to attract buyers
 - **Higher usage of online classifieds** portals to generate leads
 - **Liaising with other dealers** to sell own inventory or selling to other dealers
- Limited working capital
 - **Unsold inventory** to create a **huge working capital gap** for dealers, leading to delay in new car procurement
 - **Dependence of big dealers** on **market finance** for their inventory procurement

Shift in dealer and consumer interaction: Digitising dealerships

- OLX estimates that most dealers will migrate to online platforms to cater to the renewed interest for pre-owned cars by consumers.
- Majority dealers will guide customers through online mediums before customers decide pay in-person visits.
- Bigger dealerships will offer AMC's and undertake home delivery of cars to adhere to safety regulations.



THE ROAD AHEAD.....

The pandemic is here to stay and will continue shaping the automobile industry in more ways than one. For the automobile industry at large (pre-owned and new car industry) the road to a complete recovery is paved with cautious optimism and offers hope along the way especially as more people focus shift towards personal modes of transportation

- **Leveraging digital:** Both the new car and pre-owned industry will adopt digitization as a key pillar to ensure and revive business continuity.
- **High touch industry in a touch averse world:** With people stressing on hygiene as key factor in their car buying journeys , the industry overall will implement strict hygiene protocols as a part of the services.
- **The Bharat phenomena:** With the rural and agri economy doing well, industry will adapt itself to cater to this market in order to boost business prospects.
- **Vocal for local:** OEM's will focus on bolstering their domestic manufacturing and supply chains locally instead of relying on overseas markets. For pre-owned cars this would translate to an increased supply of new car models. Buyers of pre-owned cars now would also prefer transacting with their local sellers instead of travelling to far off places which would further boost their local economy.