

AUTOMOTIVE

Luxury automakers look to India as next frontier

March 7, 2024



Activations have been widespread and frequent in India since the latter half of last year. Image credit: Bentley

By ZACH JAMES

While China dominates the conversation as the fastest-growing country in high-end goods, another nation is increasingly gaining attention.

India is seemingly next up, as the Asia Pacific market reaches its full potential. Alongside the rise of electric vehicles (EVs), India specifically could prove to be a fruitful investment opportunity for the luxury automotive industry.

"India's economic momentum shows no indication of stopping or slowing down, with the automotive sector playing a key role in the country's rising prosperity," said Karl Brauer, executive analyst at [iSeeCars.com](https://www.iseecars.com), Woburn.

"Strong automotive exports commonly precede rapid growth in domestic vehicle sales in developing countries, and India is following this pattern."

Increased focus

Across the automotive landscape, activations have been widespread, frequent and varied within India since the latter half of 2023.

Of those taking part in the region, British automaker Bentley's foray is the most recent. Announced earlier this week, the brand's Mulliner custom division created bespoke models themed after the country.



A design on the interior of the limited-edition cars is said to uphold the ideals of "Indian feng shui." Image credit: Bentley

Five vehicles including a Continental GT Speed, a Flying Spur Speed and three Bentayga EWB Azure editions are a part of the “Opulence Edition” drop. Made for the Bentley showroom in Mumbai, all of which come in India’s national colors of green and orange.

Bentley is coming off of a down year in revenue in 2023. However, India, alongside the Middle East and Africa, grew where other regions floundered ([see story](#)).

Last year, German automaker Audi saw similar results.

Its Indian division sold 89 percent more vehicles than it did in 2022, showcasing that the region’s demand is rising alongside its affluent population. With this surging interest, establishing foundations within the country could be the difference-maker between long-term success and failure in the region.

“Establishing a brand’s presence and appeal is critical when a country is rapidly growing its economic base,” said Mr. Brauer.

“Premium brands understand this, and are actively investing in sales and marketing campaigns to raise awareness with India’s affluent consumers,” he said. “Expect a strong push from powerful global luxury brands through expanded local dealer networks, high-profile advertising campaigns and increased vehicle distribution to this emerging market.”



Lamborghini is now spotlighting India’s regional performance in financial reporting, a big step in the country becoming an area of increased focus. Image credit: Lamborghini

BMW, Lamborghini and Mercedes-Benz are taking the initiative to establish ties with Indian communities, both inside and out of its major urban hubs.

The latter company began a fellowship fund earlier this year to support up to 1,000 young talents and their projects. These annual ventures are aimed at uplifting the environment and society.

Lamborghini celebrated its 60th anniversary of operation in the state of Rajasthan.

The brand drove a 60-car convoy from Bengaluru to Ooty as a part of Esperienza Giro India 2023, its third yearly edition.

“Esperienza Giro India 2023 was a celebration of Lamborghini’s 60 years of excellence, a journey that allowed our valued customers to experience the opulence and majesty of Rajasthan, which resonates with Lamborghini’s own heritage of luxury and performance,” said Sharad Agarwal, head of Lamborghini India, in a statement.

“We are delighted to have created memories that will last a lifetime and strengthen the bond between Lamborghini and its loyal enthusiasts.”



BMW India's 2023 sales grew by nearly 20 percent. Image credit: Oberoi Concours d'Elegance/Tim Layzell

Taking a similar approach, BMW sponsored the Oberoi Concours d'Elegance, marking the first time the event graced the city of Udaipur.

The three-day event ran from Feb. 16 to 18, 2024, at The Oberoi Udaivils resort. The display showcased the past, present and future of the automotive world.

Coming off its highest-ever sales in the region in 2023, bolstered significantly by its EV output, the brand became the "Sustainable Mobility Partner" of the Raisina Dialogue geopolitical conference the same month.

In its role, the automaker supplied its all-electric BMW iX model to the dignitaries and diplomats attending the summit. BMW also provided a demonstration of its capabilities to the government figures.

Engaging both the country's administration, as well as its consumers, will be crucial to the future of the EV market and greater luxury automotive sales within India.



Mercedes-Benz India division has been active in the community, garnering over 1.4 million followers. Image credit: Mercedes-Benz

"India's rate of EV adoption will depend on many of the same factors seen in other markets," said Mr. Brauer.

"Government incentives, consumer education and infrastructure expansion are key components in any market as it transitions from internal combustion to electric cars," he said. "Affluent car buyers in India are the obvious target segment for premium EVs, but getting them to buy one will depend on how well electric vehicles are supported in that market."

Big picture

While China remains the top dog in sales, growing players such as India will remain on the periphery for most major activations.

That being said, China's boom is expected to slow significantly from 2023's levels. It could potentially be halved in the process, according to recent findings from global consulting firm Bain & Company ([see story](#)).

This expected decline could open the door for India, as well as others in the Global South, to rise up the ranks of importance to luxury maisons, especially among automakers.



Building out a strong electric charging network and introducing government tax credits for EV purchases are key for further automotive growth in India. Image credit: Audi

While, in most cases, peak performance is what is desired from luxury companies, reliability is seen as a great asset as well.

Asia, among other regions, has been a remarkably volatile market over the past several years. Meanwhile, India has remained steadfast in its growth.

Wealth management firm UBS' 2023 Global Wealth report revealed that in 2022, total net private wealth fell by 2.4 percent, or \$11.3 trillion. Nearly all countries were hit by losses, except for three regions, India among them ([see story](#)).

In London-based investment migration consultancy Henley & Partners' The Centi-Millionaire Report 2023, the cities of Delhi and Mumbai placed in the top six for expected centi-millionaire population growth in the next nine years. Each have projected booms of 85 percent and 80 percent, respectively.

Mumbai is also top-10 in the world in the number of billionaires in its population, with 27 living among its people ([see story](#)).



Expect to see a surge in marketing materials aimed at the Indian market in the coming years. Image credit: Bentley

In short, the greater Indian market is poised to surge in high-end activity in the coming decade as the number of UHNWIs nearly doubles. This will place the country on a much bigger stage, both globally and in the luxury space.

Other industries are taking note, with prestige beauty businesses bulking up investment, both in personnel and capital. The nation is viewed as a "golden ticket" for the sector ([see story](#)).

If the vehicle sector takes this same cue, luxury automakers could be on the verge of a regional boom, pushing beyond all-time highs, many of which were hit this past year.