

IBB RESIDUAL VALUE STUDY FOR LUXURY CARS IN INDIA

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Indianbluebook.com, India's most trusted vehicle pricing guide, carried out a study to understand the residual value pattern of the luxury vehicle segment in the country.

The brands included as part of the study are Audi, BMW, Jaguar, Landrover, Mercedes Benz, Volvo and Porsche

Residual value pattern for the luxury vehicle segment in India

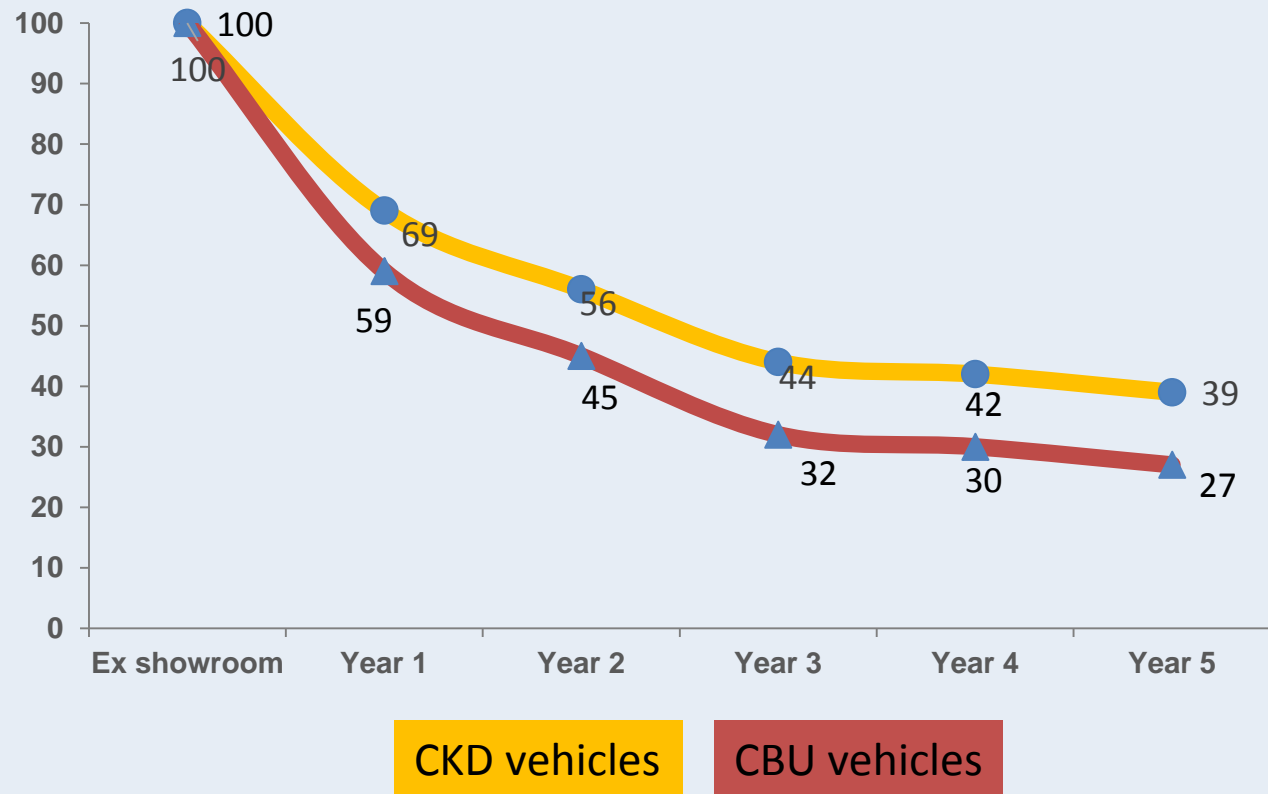


Retain 1/3rd of residual value at the end of Year 5

- Mercedes Benz and BMW are able to hold on to their residual values much better as compared to other brands
- Combination of local manufacturing, extensive after sales service network, and evolved certified used car programme is helping Mercedes Benz and BMW command a superior residual value
- While companies juggle with a combination of CKD or SKD for the volume drivers and CBU for the lower volumes vehicle, Volvo's strategy of going for the complete CBU route is reflecting on the lower resale value (25% in Year 5) of their cars in India.

Indianbluebook looked at residual value across factors like fuel type (diesel and petrol), body type (Sedan, SUV, Coupe) and production type (CBU and CKD)

Residual values comparison for CBU and CKD



CBU vehicles depreciate faster

- While its generally believed that diesel vehicles have a higher preference vis a vis petrol in the luxury segment, however a series of actions taken by National Greens Tribunal and Supreme Court has resulted in hardly a difference between residual value of diesel and petrol cars
- Similarly body type has no perceptible difference in the residual value of vehicles
- However Indian Blue Book has noticed a sharp difference in residual value curves between CBU and CKD vehicles
- Customers have a perception that CBU vehicles would have poor availability of spare parts and higher spare parts cost. This perception plays a significant role in driving down residual value of CBU vehicle vis a vis CKD

Entry level vehicles in the luxury segment have a distinctly different residual value pattern when we compare with the overall luxury vehicle segment

Residual value curve for entry level and overall luxury vehicles segment



Entry level luxury vehicles command superior resale value

- Luxury cars are aspirational, and tend to get preferred over new cars when the price segment is similar.
- So rather than buying a brand new car, customers would jump segment and look for great deals in the used luxury vehicle segment
- Hence models like C Class, A3, 3 series etc command superior resale value as compared to the overall segment

ABOUT INDIANBLUEBOOK

IndianBlueBook (IBB) is the industry first pricing guide for new and pre-owned vehicle valuation in India. With exclusive access to a large number of car transactions that take place every day through different channels, IBB derives scientific and insightful inferences that lead to vehicle price discovery. Whether you're buying or selling a vehicle, IBB helps you discover its real worth. Through various transactions on different customer-facing and B2B channels, IBB's analytical engine logically deduces a pricing index which is then used to derive the benchmark market price of any vehicle. In essence, IBB is a one-of-a-kind valuation platform based on rigorous research and pure rationality. It is driven by the sheer passion to demystify the data points of a million transactions, thus ensuring that you never overpay or never undersell. IBB offers a wide array of tools such as Total Cost of Ownership (TCO) and residual value analysis, regularly updated reviews and insights via its blog, and a platform that enables its customers to buy and sell vehicles, thereby serving as a one-stop shop for customers looking to research vehicles.





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