

## Every 5 minutes a car is posted for sale on Sulekha.com

*Sulekha.com recently released a report on the used car segment in India. Consumer aspirations in urban India are on a never-before overdrive, and the same is clearly indicated by the country's recent passenger car sales. While an average car owner changed vehicles once in 7-8 years until a year or two ago, in the current fiscal the trend is to change cars once in 3-4 years. Comparing new car sales to used car sales which was 1:1 is now rolling towards 1:2.5 ratio.*

Chennai, Tamil Nadu, January 21, 2009 /[India PRwire](#)/ -- Consumer aspirations in urban India are on a never-before overdrive, and the same is clearly indicated by the country's recent passenger car sales. While an average car owner changed vehicles once in 7-8 years until a year or two ago, in the current fiscal the trend is to change cars once in 3-4 years. Comparing new car sales to used car sales which was 1:1 is now rolling towards 1:2.5 ratio. The used car business is here to stay and will increasingly influence the new vehicle market in a variety of ways.

The importance of the used car market is growing significantly. Our internal research indicates that on an average 3500 cars are sold per month on Sulekha.com over the last one year. For a clear understanding, we have categorized all the ads for the cars posted in three categories: hatchbacks, Sedans and SUVs. While 60% of cars posted fall under the hatchback category, Sedans account for 33% and SUVs are a mere 7% across India.

With declining margins in the new car business and the aging of vehicles on the road, Sulekha.com continues to promote its consumer-to-consumer sales by encouraging the user to adopt the internet strategy for the used car business. Nearly 50000 people visit the used cars buy/sell category every month on Sulekha.com.

### **Evolving Trends in the Used Car Buy/Sell market**

#### **Trading Up**

Considering the cars posted for sale on Sulekha.com, majority fall in the hatchback category (which includes Santro, Maruti 800, Zen, Alto, Swift, Wagon R, Omni, Palio & Indica) as there are plenty of car owners who don't want to be seen in a 'yesterday's' model – they want to be seen driving only latest cars.

Indian buyers have broken the shackles and are opting for quicker replacement of cars than in yesteryears. This change in buyer's psychology and behaviour has led to two other trends, which has woken up the used cars market in India to a huge potential. First, people searching online for buying/selling of used cars and the second and related one is that it makes it possible for a two-wheeler owner to aspire to own a car.

#### **Cross Movement**

On keen observation we have noticed that people owning a Sedan (which includes Hyundai Accent, Ford Ikon & Fiesta, Honda City, Tata Indigo and Maruti Esteem) usually sell and buy a car in the same category just to get a feel of different brands. For instance, an individual selling Ford Fiesta and buying a Honda City.

More car for your money OR same car for lot less money. Depreciation of value accounts for the major cost of owning a car – why not let someone else take the hit? For the price of a new car you can bring home a well-maintained pre-owned car from their value in the first year alone. Sedans lose as much as 40% of their value in the first year alone, thus luring one to buy a used car at a much affordable rate.

#### **Loyalists**

It is only the SUVs (including Tata Sumo, Scorpio, Honda CR-V & Toyota Qualis) which had the least sale on the site in 2007 when compared to the above categories. People owning this category of car are quite possessive of their asset and would consider the option of selling only when the running and maintenance costs become a huge burden on them.

It is interesting to note that individuals from Chennai, Bangalore & Mumbai have not expressed interest to buy an

SUV. The only buyers for the SUV category are the ones who cannot afford to buy a new car in this category.

### **Unique observations**

- General Motors cars catering to the premium category do not feature in the used car buy/sell category on Sulekha.com
- Mitsubishi Lancer is posted for sale only in the Delhi market in 2007
- Daewoo Matiz being the most advanced and fuel efficient car - highest response has been received from Chennai, Delhi and Bangalore to purchase that car
- Hike in the fuel price has affected the sale of SUVs

This particular trade will certainly touch new heights, as we can see the aspiration of a middle-income group is increasing and because of certain budget constraints their first consideration is used cars.

### **Notes to Editor**

About Sulekha.com

Sulekha.com is the largest online and mobile Classifieds and Yellow Pages service, connecting over 6 million members in 44 cities in India, US, Canada and more. Sulekha integrates local commerce with the largest social media offering in the Indian space with vibrant local communities of blogs, forums, videos and photos organized into vertical communities of interest such as Travel, Food, Movies, News and Cricket. Sulekha.com, with operations in Delhi, Mumbai, Bangalore, Hyderabad, Chennai and Austin, is funded by Indigo Monsoon Group and Norwest Venture Partners (NVP).

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