EMERGING TRENDS IN AUTOMOTIVE 2025

Applying the Ipsos Global Trends for India, a look at how the Automative sector will shape up in the coming years

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CONTEXT

IPSOS GLOBAL TRENDS

The Tenth edition of Ipsos Global Trends was launched in October 2024. The Ipsos Global Trends – India Report 2024 unearthed nine key trends for India, to understand the context shaping society, markets and people. Based on Ipsos' framework of Theory of Change – a model for exploring how Macro Forces (the external context against which people and organisations act), Shifts (changes in attitudes and values across society, markets and people) and Signals (visible real-world expressions of change observed at local and more surface levels) pull and push one another, interact and cause tension, each of the nine Trends identified is important on its own.

But which are the key trends for the Indian Automotive Sector?

From a comprehensive analysis of emerging trends, Ipsos India Automotive experts have identified three key trends out of the 9 identified trends that demonstrate a significant impact on the automotive sector. These trends, selected through an in-depth study of Digital Indians and Early Automotive Adopters, serve as crucial focal points for understanding how the industry can adapt to evolving consumer needs. Examining these trends and the context of the ongoing automotive transformation in India, one can see how they influence each other, and also gives a framework to understand the sector's future direction and potential innovations.

Let us dive deeper into these trends.

The insights behind these trends emerged when we studied the differences between two sets of customers – **the Digital Indians** and **Early Automotive Adopters.**

The first cohort is the Digital Indians – interviews were conducted with over 1,000 members across various markets in India. More digitally savvy, more affluent and evolved audience, these Digital Indians have greater exposure.

The second cohort is Early Automotive Adopters who met both the criteria below:

- Individuals who agreed that they "Try out a new product or service" as soon as it becomes available in the automotive sector à 27% of Digital Indians met this criterion

- Individuals who feel that that consumers "should move to Electric Vehicles" à 45% of the India Digital Population met this criterion

Out of total of 1,000 Digital Indians, ~20% individuals meets both criteria and have been defined as "Early Automotive Adopters" and this translated to 193 people.

This report focuses on three key trends through an exploration of relevant Signals and the Macro environment, and they are Climate Convergence, Globalisation Fractures and TechnoWonder.
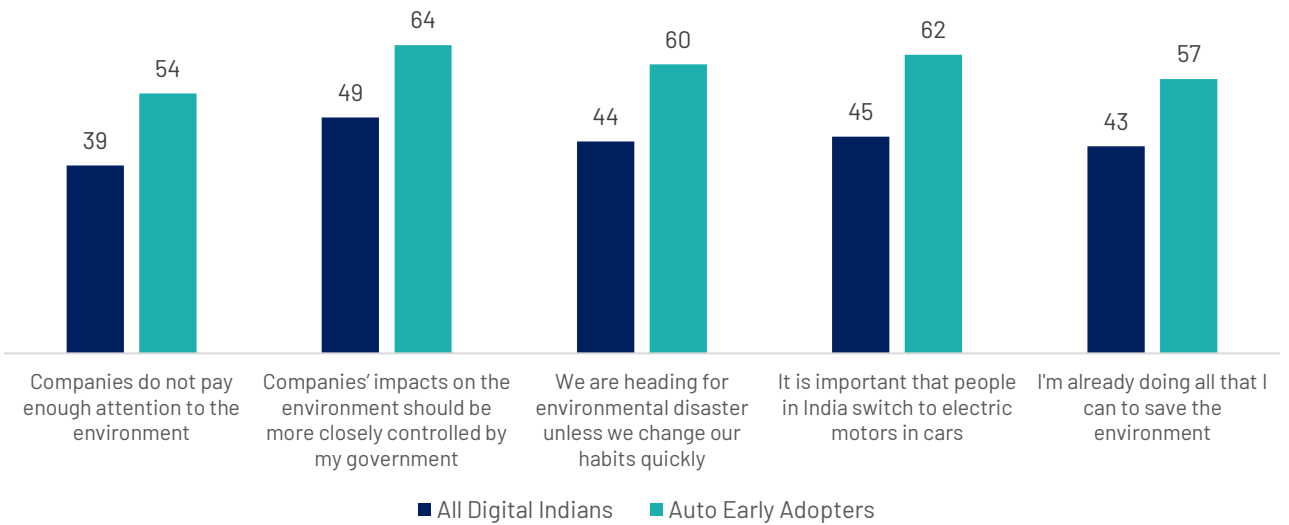
Climate Convergence

The Trend

The macro environment for climate is evolving swiftly as global investment in renewable energy surges and the consequences of global warming become increasingly apparent, a trend evident in India as well. Our data indicates a global convergence in attitudes towards the significance of climate action, with a marked intensification of these views over the past decade. The crucial question now is to what extent—and how rapidly— individuals are prepared to alter their daily lives to achieve these collective objectives.

The Tension

While outright denial and scepticism is rare, there are real differences between a core set of consumers for whom climate is the lead issue and the wider population who flirt with disengagement. According to the Ipsos India Sustainability Report 2024, **92% of Indians are concerned about the environment.** On segmenting these further, **41% are 'Busy Bystanders',** who feel 'Climate change is not a priority – its largely overblown'.

On the other side, Original Equipment Manufacturers (OEMs) are increasingly recognizing the critical importance of embedding sustainable practices into their operations to align with global climate goals and reduce their carbon footprint. Climate change is pushing the automotive sector to accelerate the transition to electric vehicles (EVs) and develop more sustainable manufacturing processes.

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39 / 54	49 / 64	44 / 60	45 / 62	43 / 57
Companies do not pay enough attention to the environment	Companies' impacts on the environment should be more closely controlled by my government	We are heading for environmental disaster unless we change our habits quickly	It is important that people in India switch to electric motors in cars	I'm already doing all that I can to save the environment

■ All Digital Indians   ■ Auto Early Adopters

Weighted Base: All Digital Indians: 1003 and Auto Early Adopters: 193
Note: Bars represents the two cohorts and they are not a trending of data

The data indicates that there is a growing perception among citizens that "companies are not paying enough attention to the environment". However, many individuals are taking proactive steps within their means to make a difference. 30% feel it's the responsibility of Private Companies, while 46% feel individuals themselves should do something towards this cause.

One significant and impactful measure to advance environmental sustainability is adopting electric vehicles. Early adopters feel this can serve as a transformative step towards reducing carbon emissions and fostering a greener future.

The key enablers for the future will be rising localization, falling battery prices, and expected benefits from production-linked incentive schemes which will help vehicle manufacturers to reduce costs and make a viable model to cater to the demand for Evs.

The manifestations of the trend for Climate convergence in the automotive industry would be the alignment of strategies and practices among car manufacturers to address climate change and reduce carbon emissions. Many OEMs in India have already made progress in this direction and here below are a few examples.

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Electrification of Vehicle Fleets

Many traditional automakers are committing to electrifying their vehicle lineups. For instance, Tata Motors plans to invest ₹16,000 crore to ₹18,000 crore on electric vehicles between 2024-25 and FY30, while Maruti Suzuki expects 15% of its India sales to come from EVs by 2030. It is estimated that there will be 41 new models to be launched till 2030 with MSIL and Tata planning 6 each and Mahindra and JSW MG planning 5.

Alternative Fuels and Hydrogen Technology

Beyond electric vehicles, some manufacturers are exploring alternative fuels. Toyota and Hyundai are advancing hydrogen fuel cell technology, which offers a clean alternative for powering vehicles, especially in regions where hydrogen infrastructure is being developed.

Collaboration for better growth and faster launch

Collaboration for better growth and faster launch: M&M signed an agreement with Volkswagen Group for the supply of certain electric components and unified cells from Volkswagen's MEB platform for Mahindra's electric platform INGLO.

***Source**: AutoCar Professional, Business Standard*

Retrofitting your car is gaining popularity in India

Due to the rising interest for low-emission mobility, EVs have become a big topic for discussion among India car buyers. As new Battery Electric Vehicles (BEVs) are expensive and not accessible to average consumers. EV Conversion Kits are a cost-effective solution to bridge the gap between afford- and sustainability.

Implications for 'Climate Convergence'

There is a need for organizations to focus on demonstrating commitment at the organisation and market level, while also re-assure consumers that they are contributing, too. It is known that Indians as a culture have short-term orientation and do not make compromises in a period of great economic development such as right now, for some unseen future benefit. Given this, organisations can take the lead, and begin these conversations to start building empathy, and further, equity, with the consumers.
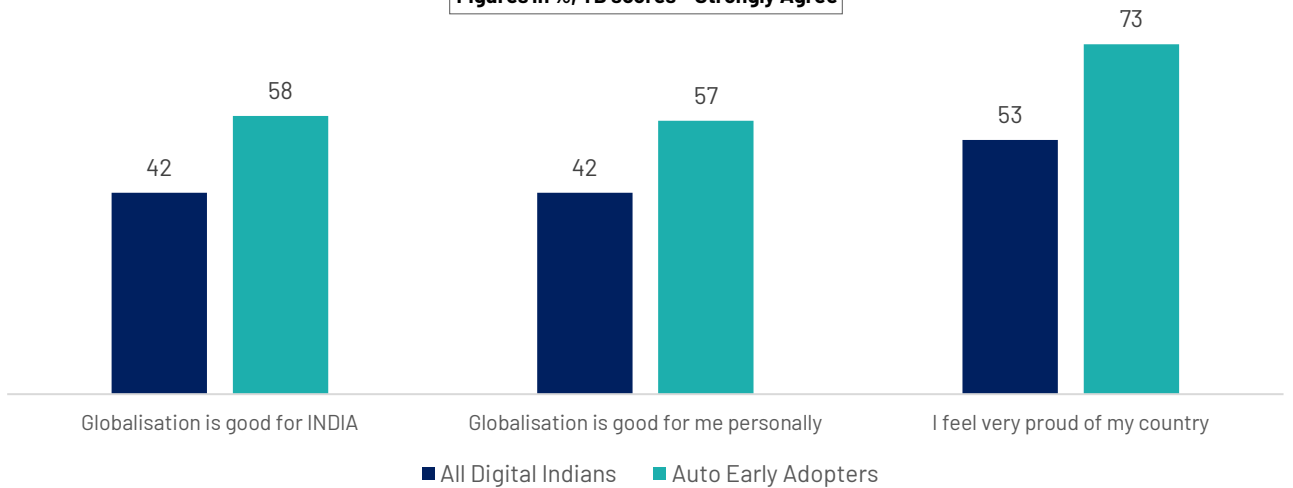
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2. Globalisation Fractures

The Trend

The world increasingly appears fragmented and unstable due to the rise of nationalism, populism, and geopolitical tensions, which contribute to a more divided global environment. Our data reflects this sentiment: Indian consumers view globalization as an unavoidable phenomenon, yet they take considerable pride in owning passenger vehicles from brands that are crafted for and produced in India. The pressing question now is how to harmonize these globalization expectations with nationalistic pride to ensure they do not obstruct global cooperation, which ultimately stands to benefit Indian consumers.

The Tension

For some, national pride is about buying exclusively India products– yet for others it is about having access to best for them through globalization. Indian buyers are increasingly recognizing the quality and value of domestically produced vehicles, which are often designed to suit the specific needs of Indian roads and climate. Even OEMs are making the best use of the "Make in India" campaign in starting to manufacture in India and promoting India as a global manufacturing hub. Many international OEMs are also focusing on developing "Make for India" products like Kwid, Kushaq, which means incorporating features and technologies specifically relevant to the Indian market and consumers.

While the world remains highly interconnected, globalization is seen as having winners and losers at the market level. However, the increasing geopolitical tensions arising from political splintering can disrupt automotive supply chains, leading to production delays and increased costs. Moreover, the rise of nationalism could fuel a push for protectionist trade policies (buy local, import fines), potentially hindering the global automotive trade and investment. Addressing these challenges requires strengthening democratic institutions, promoting dialogue, and fostering global cooperation.

Figures in %, TB scores – Strongly Agree

	Globalisation is good for INDIA	Globalisation is good for me personally	I feel very proud of my country
All Digital Indians	42	42	53
Auto Early Adopters	58	57	73

■ All Digital Indians   ■ Auto Early Adopters

Weighted Base: All Digital Indians: 1003 and Auto Early Adopters: 193
Note: Bars represents just two cohorts and they are not a trending of data

India stands out as a key market due to its diverse backgrounds and a cooperative, secular mindset. As the world's largest democracy and one of the most diverse developing countries of the 21st century, India's rising per capita income has significantly boosted purchasing power. By FY31, India's per capita income is projected to reach $ 4,500 from the current level of $ 2600. This, combined with a growing demand for automobiles — both ICE vehicles and EVs — has captured global attention. Many international automotive manufacturers are keen to enter the Indian market, recognizing its immense potential and strategic importance in shaping the future of the global automotive industry impacting overall perception of today's Indians about Globalization is good.

Implications for Globalisation Fractures

In response to these fractures, there's a growing emphasis on balancing global integration with local resilience. Communities and businesses are increasingly focusing on leveraging their unique local strengths and resources. This might involve:

- Promoting local cultural heritage and traditions as unique selling points

- Supporting local supply chains and circular economies and thereby leading to a higher degree of localisation

At the same time, there's recognition that global cooperation remains crucial for addressing shared challenges like climate change, pandemics, and technological advancements.

The key lies in finding a balance – harnessing the benefits of global scale and collaboration while nurturing local identities and economies.
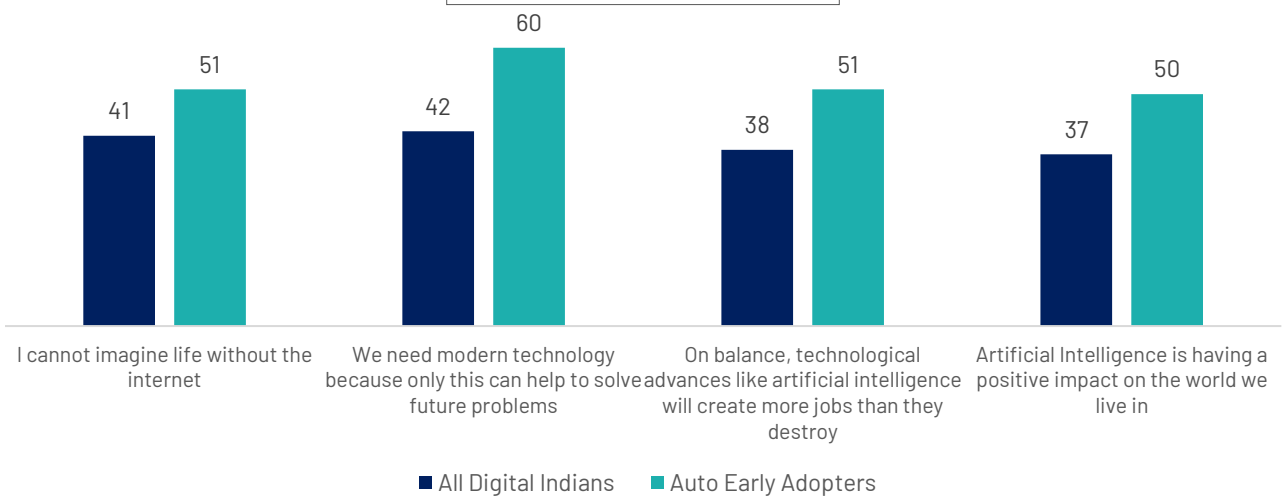
3. TechnoWonder

The Trend

We are captivated by the technology that surrounds us and its significant impact on our daily lives. While 42% of people believe that modern technology is essential for solving future challenges, there is also a growing sense of apprehension. In fact, 33% feel that technological advancements are detrimental to our lives—a sentiment that has notably increased over the past decade.

The Tension

The allure and ease offered by technology frequently intersect with potential risks and human susceptibilities.

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	I cannot imagine life without the internet	We need modern technology because only this can help to solve future problems	On balance, technological advances like artificial intelligence will create more jobs than they destroy	Artificial Intelligence is having a positive impact on the world we live in
All Digital Indians	41	42	38	37
Auto Early Adopters	51	60	51	50

■ All Digital Indians ■ Auto Early Adopters

Weighted Base: All Digital Indians: 1003 and Auto Early Adopters: 193
Note: Bars represents just two cohorts, and they are not a trending of data

Modern technology, particularly in the realm of artificial intelligence (AI), is significantly enhancing our lives by revolutionizing the automotive industry in India. AI plays a crucial role in advancing safety features in vehicles, as seen in the implementation of Advanced Driver Assistance Systems (ADAS) across various levels, from L1 to L5. These systems incorporate sophisticated AI algorithms to assist drivers, enhance vehicle safety, and ultimately pave the way toward fully autonomous vehicles.

Additionally, the rise of electric vehicles (EVs) is garnering increasing acceptance in India, largely due to the Government's strong push for sustainable mobility solutions. Policies and incentives aimed at promoting EV adoption have catalyzed the transition towards greener transportation,

aligning with global environmental goals. This shift is enabled by cutting-edge technological advancements that not only make EVs more accessible but also improve their efficiency and range, thereby positively impacting our daily lives.

For the Gen Z population, the pervasive influence of modern technology is particularly profound. This generation, having grown up in the digital age, finds it difficult to imagine life without the internet. The seamless integration of internet connectivity into daily routines underscores the dependency on digital technologies for communication, entertainment, and even vehicle usage. In essence, modern technology is not just shaping the future of transportation in India but also redefining societal norms and expectations.

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Implications for TechnoWonder

Safety Enhancements

The incorporation of AI-driven safety features, such as ADAS, is expected to drastically reduce the number of road accidents and fatalities. This will lead to safer driving conditions and could potentially lower insurance premiums as vehicles become more reliable in avoiding collisions.

Social and Lifestyle Changes

As technology becomes more ingrained in daily life, societal norms and lifestyle choices will evolve. The Gen Z population, in particular, may drive demand for more connected and personalized vehicle experiences, influencing future automotive designs and services.

Environmental Impact

With the push towards EVs, there is a potential for significant reduction in carbon emissions and air pollution. This aligns with global climate goals and contributes to a healthier environment. The shift to sustainable mobility could also stimulate advancements in renewable energy infrastructure and technologies.

Equity and Accessibility

While technological advancements offer numerous benefits, there is a risk of widening the digital divide. Ensuring equitable access to these technologies across different socio-economic groups will be important to prevent disparities in mobility and opportunity.

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In Conclusion

The Indian automotive sector is experiencing rapid transformation driven by Climate Convergence, Globalization Fractures, and TechnoWonder. As the industry shifts towards sustainable practices and electric vehicles, there's a growing need to balance global integration with local resilience. Simultaneously, technological advancements like AI and ADAS are revolutionizing vehicle safety and user experience.

Moving forward, the sector must focus on addressing climate concerns, leveraging India's unique market potential, and ensuring equitable access to new technologies while navigating the tension between global cooperation and national pride.

Climate Convergence:

The way forward involves accelerating the transition to electric vehicles (EVs) and sustainable manufacturing processes. Key actions include:

- Increasing investment in EV technology and infrastructure and developing more affordable EV models to cater to the Indian market

- Addressing barriers like range anxiety and charging infrastructure

- Exploring alternative fuels and hydrogen technology

- Promoting retrofitting options for existing vehicles

TechnoWonder:

The industry should embrace technological advancements while addressing concerns:

- Accelerate the implementation of AI-driven safety features like ADAS

- Develop more connected and personalized vehicle experiences

- Address data privacy and cybersecurity concerns

- Ensure equitable access to new technologies across different socio-economic groups

- Focus on upskilling the workforce to adapt to new technologies

Globalization Fractures:

To navigate this trend, the industry should:

- Focus on balancing global integration with local resilience

- Increase localization efforts to align with nationalistic sentiments

- Strengthen local supply chains, promote circular economies, and collaborate with global partners while emphasizing Indian strengths

- Develop products that cater specifically to Indian consumers' needs

- Leverage India's rising purchasing power and diverse market potential

Overall, the Indian auto industry needs to strike a balance between innovation, sustainability, and affordability while catering to both global trends and local preferences. This involves significant investment in R&D, strengthening partnerships, and working closely with policymakers to create a conducive environment for growth and transformation.

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References