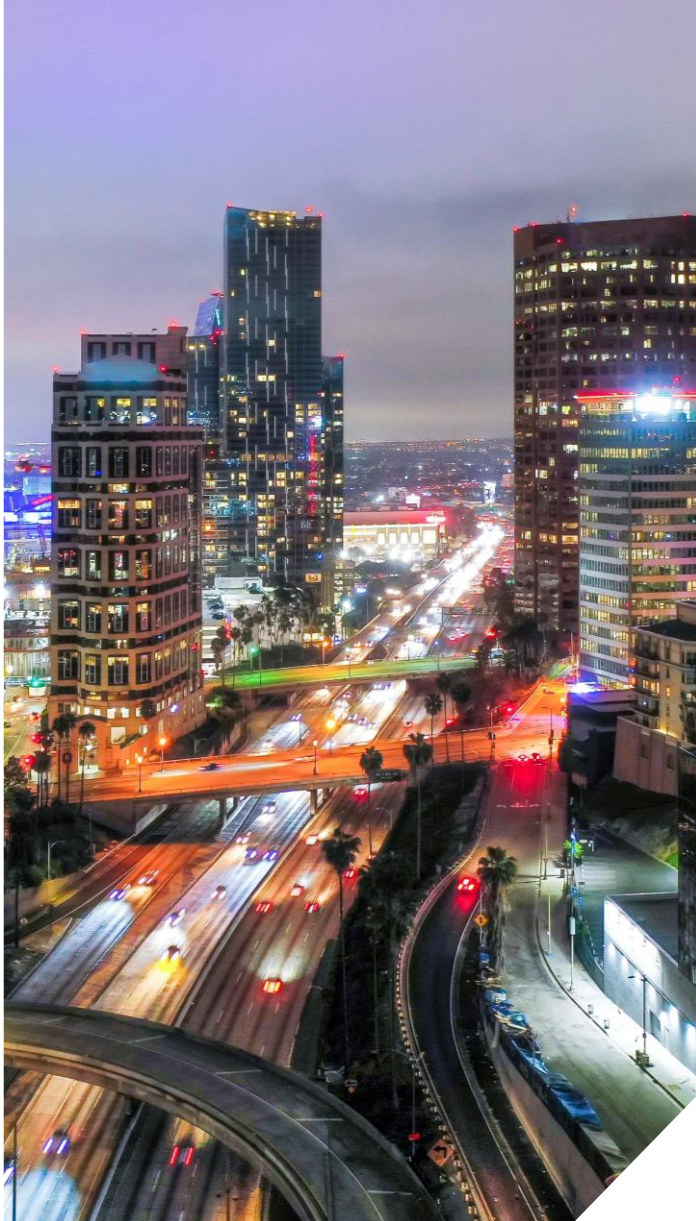


# BRAZIL AUTO: THRIVING AMIDST CHALLENGES

**Between ethanol and EVs: a hybrid  
bridge, rising Chinese brands, and  
consumer-led choices**





## Navigating a landscape of evolving regulations and limited electrification incentives, the Brazilian market continues to diversify with an expanding range of models and brands.

Brazil's automotive market, while challenging due to factors like inflation, political fluctuations, and market regulations, offers intriguing opportunities for those interested in innovation and adaptation.

The market's unique features, such as the use of ethanol as a green fuel, flex-fuel engines that work with both gas and ethanol, and a consumer base that values quality and technology, contribute to its significance. These particularities make Brazil's automotive sector one of the most vital in Latin America and rank it within the top 10 globally by sales volume.

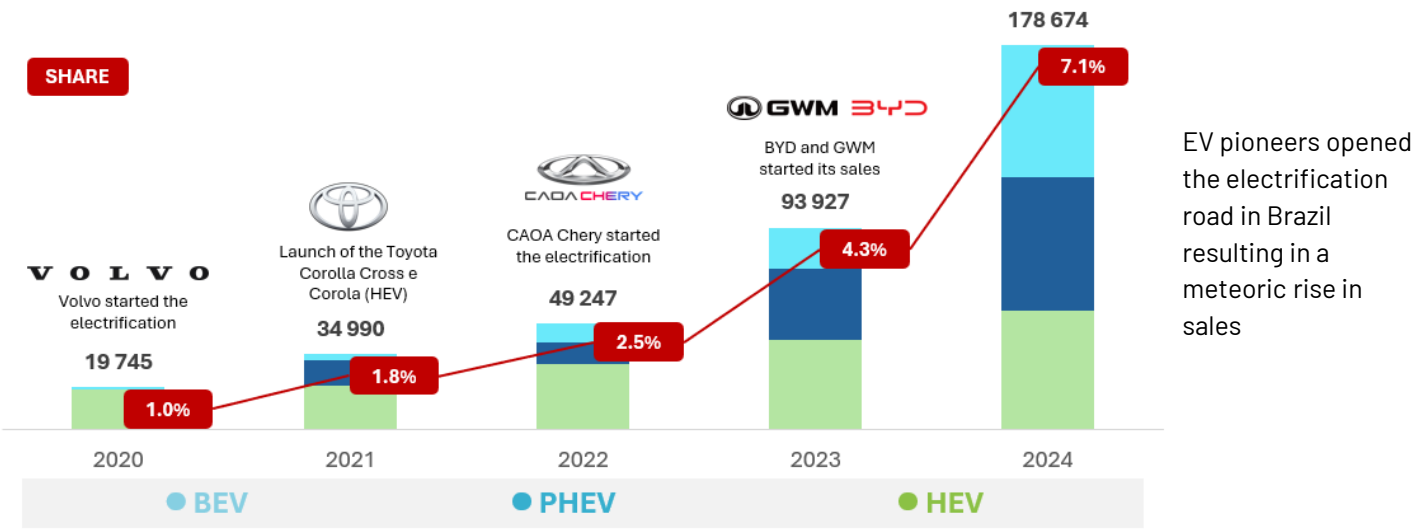
Sales in Brazil's automotive market **grew 27%** between **2020 and 2024**, highlighting the market's strength. However, **sales are still 6.7% below pre-COVID-19 levels of 2019**. Amid these dynamics, the market has gained significant attention from Chinese Original Equipment Manufacturers (OEMs). **In 2020, Chinese brands held a 1.1% market share** in passenger and light commercial vehicles. By **2024**, this figure increased to nine brands, accounting for **6.9% of total sales**. Currently, three Chinese brands are assembling models locally, two of them have been started their activities a couple of weeks ago as a SKD and CKD mode.



Despite macro headwinds, Brazil's top-10 market is accelerating, and the fastest learners—especially new Chinese OEMs—are building momentum on the ground.

# New Powertrains, New Players

## EVOLUTION OF THE BRAZILIAN ELECTRIC VEHICLE MARKET



Source: Renavam 2020 - 2024

The expansion of Chinese brands in the Brazilian automotive market is still in its early stages. By 2025, these brands are expected to encompass fifteen companies, capturing over 9% market share by August. The Chinese OEMs are leaders in the electric vehicles (EVs), known for their competitive pricing, advanced technology, and quality finishes across diverse segments such as B-SUVs, C-SUVs, sedans, and hatchbacks.

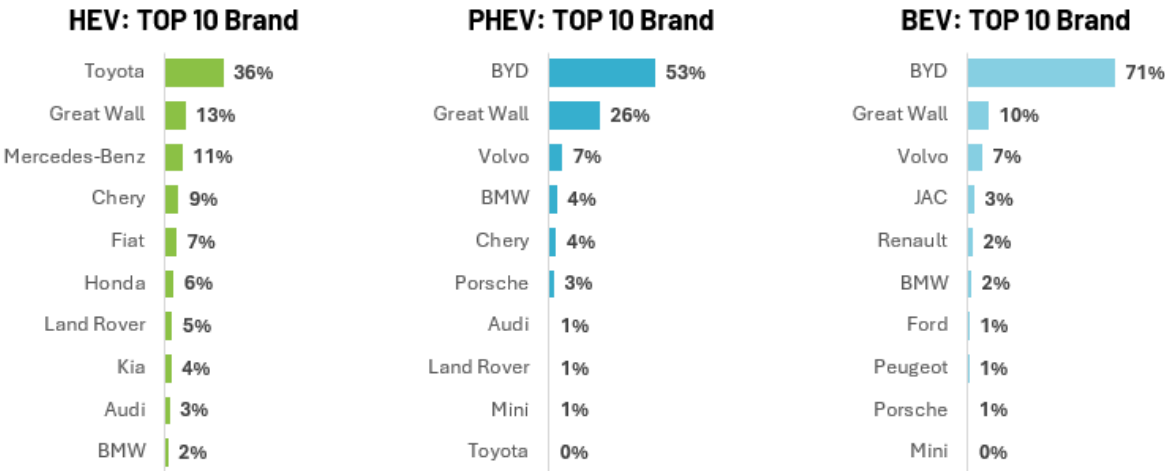
This has prompted traditional OEMs to feel the pressure on their sales volumes, leading to strategic responses. Toyota is focused on maintaining its position in the hybrid electric vehicle (HEV) segment, while Stellantis, through its Fiat brand, has successfully launched models in the mild hybrid electric vehicle (MHEV) category by the end of 2024.

The Brazil electric vehicle (EV) push is predominantly led by BYD, Volvo and Great Wall. By the end of 2024, BYD had secured the tenth position in passenger and light commercial vehicles sales rankings across internal combustion engine (ICE) vehicles and EVs, with a market share exceeding 3%. This upward trend continued, and by August 2025, BYD expanded its market share to over 4%, moving up one spot in the overall sales rankings and climbing three positions in the passenger vehicle segment.

The competitive dynamics of the market are set to intensify as new brands emerge and introduce their models while established brands aim to restore their volumes and profitability. **This year, GAC, OMODA/JAECOO, and GEELY have commenced sales, with LEAPMOTOR set to launch shortly.** Meanwhile, **Stellantis** plans to broaden its **MPEV** offerings under its 'House of Brands' and introduce new **EV technology** across its models. **Volkswagen** and Honda are actively developing their EV platforms, with announcements expected soon. Consequently, numerous opportunities arise for manufacturers and consumers. The success of these ventures will largely depend on **how adeptly OEMs tailor their strategies to Brazil's unique characteristics**, such as flex-fuel or ethanol hybrid solutions and addressing the diverse conditions in the market between where proper infrastructure is more developed in urban hubs but lacking in smaller towns, whether for electric vehicles or otherwise.

There are still considerable reservations among consumers regarding electric vehicle (EV) models, whether produced by traditional or Chinese manufacturers. The 2024 Ipsos Drivers survey highlights the challenges in integrating EVs into the Brazilian market. According to the survey, **over 74% of respondents** stated they either lack knowledge or are only familiar with the name of **Battery Electric Vehicles (BEVs)**. Similarly, **67%** expressed limited knowledge about **Hybrid Electric Vehicles (HEVs)**, and **73%** regarding **Plug-in Hybrid Electric Vehicles (PHEVs)**.

2024 BRAZIL: MAIN BRAND PER TECHNOLOGY



In 2024, Toyota is the most notable brand for HEVs while BYD leads with PHEVs and BEVs. Great Wall is second in all three.

In 2025, we are seeing MHEVs starting to gain prominence.

Source: Renavam 2020 – 2024



**Hybrid models are growing in popularity alongside an expanding selection of available models. According to Ipsos' Drivers survey, the top three consumer concerns are as follows:**

**01**

**Car Price**

Most models are priced in the higher segment, exceeding R\$ 200,000 BRL (approximately €31,000)

**02**

**Maintenance Costs**

Advanced technologies necessitate skilled technicians, specific parts, and reliance on the dealer network, which can increase maintenance expenses

**03**

**Lack of Familiarity/Knowledge**

Consumers often lack sufficient understanding of the technology

**The introduction of EV technology has significantly advanced the transformation of Brazil's automotive market.** As this technology continues to evolve and integrates with existing ethanol solutions or flex-fuel engines, it is expected that consumer knowledge will increase, leading to progressively lower CO2 emissions over time.

It is important to note that the **Brazilian government has not provided financial incentives for consumers to purchase pure electric or hybrid vehicles.** Instead, its strategy prioritizes CO2 reduction by implementing various technologies and supporting local solutions, such as ethanol. This approach allows consumers the freedom to choose the solutions that best suit their needs, whether for commuting, leisure, travel, shopping, or aligning with local infrastructure. Given the current conditions, **Brazil's infrastructure is not yet fully prepared** to accommodate the widespread adoption of purely electric vehicles. **The market is primarily dominated by internal combustion engine (ICE) models**, indicating a potentially lengthy transition period from traditional engines. It is possible that multiple solutions may coexist for many years to come.





## Price Smart, Not Just Low

Given the transitional nature of the market and the continued dominance of traditional brands and internal combustion engine (ICE) vehicles, **manufacturers are focusing on developing a new lineup of vehicles featuring competitively priced Plug-in Hybrid Electric Vehicles (PHEVs) and Mild Hybrid Electric Vehicles (MHEVs)**, enhanced with locally tailored features.

**Strategic alliances with Chinese companies**, such as those between **Renault and Geely**, and **Stellantis with Leap Motor**, will facilitate the launch of cost-effective models by sharing distribution and administrative networks.

In such dynamic contexts, it is essential to develop strategies that are adaptable to both medium and long-term objectives. Local manufacturers and importers, irrespective of their nationality, must maintain a keen awareness of the entire automotive ecosystem, with particular attention to **consumer behavior and needs**. While price reductions can offer short-term benefits for consumers, they also pose risks to the financial stability of some

industry participants, potentially leading to the **closure of factories and dealerships**. A carefully managed balance between supply, demand, and pricing is crucial for maintaining the industry's overall health.

Investing in **consumer research** is crucial for **informing product and marketing strategies**, as it allows brands to distinguish themselves in the market. **Ipsos** specializes in assisting manufacturers with this process and is eager to help you gain a comprehensive understanding of the market and consumer needs to support your growth initiatives.

### Endnotes:

1. RENAVAN – National Registry of Motor Vehicles – 2020 to July 2025
2. Ipsos Drivers – 2024 Edition (biannual data).



# THANK YOU

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