

THE NEW AUTOMOTIVE CURRENCY

Why Technology Is
Becoming The Decisive
Factor In India's
Car Buying Journey

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For decades, Indian consumers evaluated vehicles through familiar measures—fuel efficiency, performance, reliability, service reach and resale value. Those fundamentals still matter. Yet a profound shift is underway. As vehicles become connected, software-defined and experience-led, technology is emerging as a powerful new determinant of automotive value. The question facing the industry is no longer whether technology matters, but how significantly it will influence the next generation of purchase decisions.

India's automotive market has traditionally been shaped by practical and measurable considerations. For decades, consumers evaluated vehicles through familiar parameters such as mileage, engine performance, maintenance costs, reliability, service network strength, and resale value. In many ways, the Indian car-buying decision was anchored in engineering logic and ownership economics.

These considerations remain important. However, they are no longer sufficient to fully explain how consumers assess value.

As vehicles become more connected, software-enabled, and experience-led, technology is emerging as one of the most powerful influences on automotive purchase decisions. Features that were once viewed as premium additions are now becoming mainstream expectations. Touchscreens, connected-car applications, digital clusters, 360-degree cameras, advanced safety systems, wireless smartphone integration, and over-the-air updates are steadily changing how consumers perceive a vehicle.

Twenty years ago, consumers compared horsepower, fuel economy and maintenance costs. Today they increasingly compare touchscreen responsiveness, connected services, safety assistance technologies and digital convenience. The centre of gravity in automotive purchasing is gradually shifting from mechanical differentiation to experience differentiation.

When Cars Start Competing with Smartphones

One of the most important shifts in the automotive market is that consumers no longer evaluate a vehicle against another vehicle.

Their expectations are increasingly shaped by the broader digital ecosystem around them. Smartphones, smart televisions, wearables, digital payment platforms, food delivery apps, and banking applications have trained consumers to expect convenience, speed, personalization, and intuitive interfaces. As a result, the experience inside a vehicle is now being compared with the seamless digital experiences consumers already encounter in everyday life.

This is a significant change. A car is no longer assessed only as a mechanical product. It is increasingly viewed as a connected environment that must fit into the consumer's digital lifestyle. The question is no longer limited to whether the vehicle is powerful, efficient, or reliable. Consumers are also asking whether it feels intelligent, convenient, safe, and easy to live with.

In this sense, the competitive benchmark for automakers has expanded. The reference point is not just the rival model in the showroom. It is the smartphone in the consumer's hand.



Therefore, the industry's focus may need to shift from simply adding features to understanding the emotional and practical value those features create.



Consumers Don't Buy Features —They Buy Outcomes

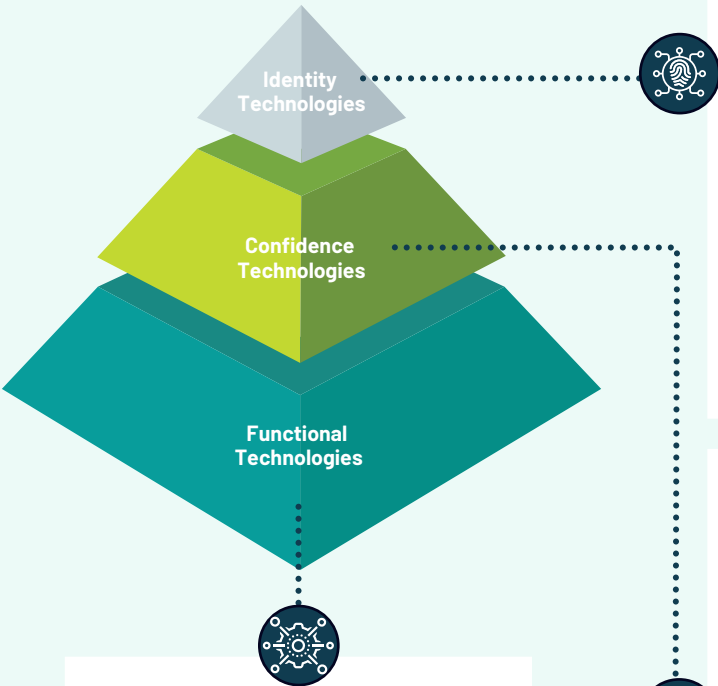
The automotive industry often communicates technology through feature lists. A larger infotainment screen, more connected functions, additional sensors, advanced cameras, or new software capabilities are frequently positioned as evidence of innovation.

Consumers, however, usually attach value to technology in a different way. A 360-degree camera is valuable not because of the number of lenses it uses, but because it reduces anxiety while parking in tight urban spaces. ADAS is meaningful not because of its sensor architecture, but because it creates a greater sense of safety and confidence for the driver and family. Wireless smartphone connectivity matters not because it is technically sophisticated, but because it removes a small but recurring inconvenience from daily life.

This distinction is important. Technology succeeds when it solves a real consumer problem. It becomes powerful when it improves the ownership experience. It becomes memorable when it creates confidence, convenience, or pride.

The Technology Value Pyramid: From Utility to Identity

The growing role of technology in vehicle purchase decisions can be understood through a simple framework: the **Technology Value Pyramid**.



At the base are **Functional Technologies**. These are features that solve practical problems and improve ease of use. Examples include tyre pressure monitoring systems, reverse cameras, navigation, wireless charging, smartphone connectivity, and basic connected-car functions. These technologies make the vehicle more convenient and user-friendly.

At the top are **Identity Technologies**. These are features that contribute to emotional appeal and ownership pride. Panoramic sunroofs, immersive digital cockpits, ambient lighting, premium audio systems, connected ecosystems, and highly personalized interfaces often fall into this category. These features are not always essential to mobility, but they influence how consumers feel about the vehicle and how they present it to others.

The next level consists of **Confidence Technologies**. These include ADAS, blind-spot monitoring, 360-degree cameras, emergency assistance, connected safety alerts, and other systems that reduce uncertainty during driving. Their value lies in reassurance. They help consumers feel more secure, especially in increasingly congested and complex traffic conditions.

The interesting point is that technology often operates across all three levels. A feature may be purchased for functional reasons, appreciated for the confidence it provides, and remembered for the pride it creates.



This is why feature lists alone may not fully explain purchase behaviour. The real value of technology lies in the experience it enables.



The New Definition of Premium

Once technology begins influencing convenience, safety and emotional engagement simultaneously, it inevitably starts influencing consumers' willingness to pay. This is where one of the industry's most significant shifts becomes visible—the redefinition of premium.

The rise of technology is also changing the meaning of premium in the Indian automotive market. Traditionally, premium value was associated with larger engines, superior materials, chrome accents, leather upholstery, wood finishes, and spacious interiors. These attributes continue to matter, particularly in higher segments. However, premium is increasingly being defined by digital capability and experience quality.

Consumers are often willing to stretch their budgets for larger screens, connected services, digital instrument clusters, advanced safety technologies, voice commands, 360-degree cameras, ventilated seats, premium audio, and software-enabled convenience features. In many cases, the upgrade from one variant to another is driven less by mechanical improvement and more by technology access.

This marks a meaningful shift. Premium is no longer only about what the consumer can see and touch. It is also about what the vehicle can sense, process, connect, predict, and simplify. As a result, automakers are not merely selling hardware. They are increasingly selling an integrated experience.

The Feature Race—and Its Hidden Risks

While technology is becoming a major value driver, there is also an important risk that the industry must recognize. As competition intensifies, manufacturers may be tempted to offer longer and more impressive feature lists. This can generate showroom excitement and help differentiate variants. However, more features do not automatically create more value. Consumers do not necessarily want more menus, more alerts, more subscriptions, or more complexity. They want technology that works reliably, intuitively, and without demanding constant attention. This creates the risk of **feature fatigue**.

A vehicle may offer dozens of connected functions, but only a few may become part of the consumer’s daily usage. Some features may impress during the purchase process but lose relevance after the initial ownership period. Others may remain invisible but become deeply valued because they quietly remove friction from everyday driving.

The industry therefore needs to distinguish between two types of technologies:

This distinction could become increasingly important for product planning, pricing strategy, and consumer research.

The winners may not be the brands that offer the highest number of features. They may be the brands that understand which features consumers actually use, value, trust, and recommend.



Showroom Exciters

features that attract attention during the purchase journey.



Daily Delighters

features that continue to provide value throughout ownership.

Why Automotive Research Must Evolve

The growing importance of technology also has major implications for automotive research. Traditional product clinics have focused on design, ride quality, handling, performance, space, comfort, fuel efficiency, and perceived value. These dimensions remain critical. However, they may no longer be enough to understand the full purchase journey. Researchers now need to explore a new set of questions.

- ✓ Which technologies genuinely influence consideration and purchase?
- ✓ Which features create willingness to pay?
- ✓ Which technologies are discovered during the showroom visit, and which are understood only after ownership begins?
- ✓ Which connected features are used regularly, and which are ignored?
- ✓ Which technologies improve trust in the brand?
- ✓ Which digital experiences create advocacy?
- ✓ How do consumers balance hardware value against software value?

The product clinics in the next few years will incorporate UX understanding, feature optimization, and follow-up ethnographic immersions to bring to life the role of tech in their daily lives for a more holistic picture of their expectations and the context of evaluation.

These questions are becoming central to future product strategy.

As vehicles become more software-led, consumer research must move beyond feature awareness and measure actual technology relevance, usability, satisfaction, and emotional impact.

In the next phase of automotive competition, understanding the difference between perceived innovation and lived value will be critical.





Automakers Are No Longer Competing Only With Automakers

The rise of automotive technology also means that carmakers are no longer competing only with other carmakers. Every seamless app experience, every intuitive device interface, every personalized digital service, and every frictionless payment journey raises consumer expectations. These experiences shape how consumers define modernity and convenience.

When consumers enter a car, they carry these expectations with them. This places new pressure on automakers. Infotainment systems must be responsive. Connected-car apps must be reliable. Voice commands must be practical. Safety technologies must be trusted. Software updates must add value. Digital interfaces must be easy to understand.

In other words, the vehicle is becoming part of the consumer's larger digital ecosystem. This does not reduce the importance of traditional automotive engineering. Rather, it adds a new layer of competitive differentiation. Mechanical reliability, safety, durability, and efficiency remain the foundation. But software, connectivity, and user experience are increasingly becoming the differentiators.

The Industry's Next Challenge: Innovation with Purpose

India's automotive industry is entering a phase where technology will play a defining role in shaping consumer expectations. However, the success of this transition will depend on how effectively the industry balances innovation with relevance.

- ✓ For consumers, technology must deliver visible value.
- ✓ For automakers, it must support differentiation and profitability.
- ✓ For dealers, it must be easy to explain and demonstrate.
- ✓ For researchers, it must be measured not just by awareness but by actual usage and satisfaction.

For the industry as a whole, the challenge is to ensure that technology does not become a race for specification superiority alone. The real opportunity lies in creating vehicles that are not merely more advanced, but more intuitive, reassuring, and meaningful in everyday life.

Conclusion: The New Automotive Value Equation

The Indian automotive market is not abandoning its traditional priorities. Fuel efficiency, reliability, safety and ownership economics will continue to matter. What is changing is the value equation surrounding them.

Technology is becoming the layer through which consumers experience convenience, confidence and differentiation. As vehicles become increasingly software-defined, buyers are beginning to evaluate not only what a vehicle is, but what it can continuously become.

This marks a fundamental shift in automotive competition. The winners of the next decade are unlikely to be defined solely by engineering excellence or production scale. They will be the companies that successfully integrate mechanical capability with digital intelligence, turning technology from a specification sheet into everyday consumer value.

The defining purchase question of the future may no longer be:

"How powerful is this vehicle?"

but rather:

"How intelligently does this vehicle fit into my life?"

In that transition lies the future of India's automotive industry.

Final Take: Technology is neither a replacement for core automotive fundamentals nor merely a showroom differentiator. It is becoming a new layer of automotive value—one that must balance convenience, confidence, connectivity, and consumer relevance. Its long-term success will depend not on how many features a vehicle offers, but on how meaningfully those features improve everyday ownership. In India's next phase of automotive growth, the winners will be those who combine engineering excellence with intuitive digital experiences and turn technology from specification into sustained consumer value.

How Can Ipsos India Help You?

As technology becomes a key driver of automotive choice, manufacturers need to know which features truly influence consideration, upgrade intent and willingness to pay. Ipsos India helps OEMs and mobility brands optimise product, technology and pricing strategies through Product & Technology Clinics, Feature Optimisation, Pricing Research, UX Evaluation, and Innovation Testing. Leveraging AI-powered solutions such as PersonaBot™, we help clients rapidly assess consumer reactions to connected, software-defined and next-generation vehicle experiences, enabling smarter investments and stronger market differentiation.

Automotive Expertise | Product & Technology Clinics | Feature Optimisation | Pricing & WTP | UX Research | PersonaBot™ | Innovation Testing

Further Reading:



[The Cabin Evolution Journey](#)



[The Connected Car Revolution](#)



[Software-Defined Vehicles: The Digital Revolution](#)

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