

Understanding Consumer Behaviour in India's Pre-Owned Car Market in Cars24

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ABSTRACT

The Indian automobile industry is undergoing a paradigm shift, with pre-owned cars becoming a preferred choice among value-conscious consumers. As this market segment grows rapidly, understanding consumer Behaviour has emerged as a vital component for businesses aiming to stay competitive and customer-centric. This article investigates the changing attitudes, motivations, and preferences of consumers in the used car space, with a specific focus on the role of digital platforms. Among these, Cars24 has played a transformative role in redefining how consumers approach buying and selling pre-owned vehicles. By offering a seamless digital experience and end-to-end services, Cars24 has not only simplified the process but also built a foundation of trust and reliability in a traditionally informal market. This study aims to highlight the key Behavioural trends influencing this shift and how platforms like Cars24 are adapting to meet consumer expectations.

Keywords: Consumer Behaviour, Pre- owned cars, Digital Automotive Platforms, Cars 24, Purchase Decision Making.

I. INTRODUCTION

In recent years, the Indian automobile market has witnessed a remarkable transformation, particularly in the pre-owned car segment. As economic factors, shifting consumer preferences, and increasing awareness about value-for-money purchases gain momentum, more and more Indian buyers are turning towards pre-owned vehicles as a smart alternative to brand-new cars. The rise in disposable income, improved financing options, and better vehicle quality checks have further fuelled this trend, making the used car market one of the fastest-growing segments in the Indian auto industry.

Understanding consumer Behaviour in this dynamic space has become more crucial than ever. What drives a customer to choose a pre-owned car? What factors influence their purchasing decision—price, brand, condition, or after-sales service? Gaining insights into these Behavioural patterns not only helps businesses cater more effectively to market demands but also allows them to build trust and offer tailored experiences to consumers navigating this complex buying journey.

One of the frontrunners in reshaping this landscape is Cars24. As a tech-enabled platform, Cars24 has revolutionized the way Indians buy and sell used cars by offering convenience, transparency, and a digital-first experience. With services ranging from instant online valuations to doorstep delivery and financing solutions, Cars24 has played a pivotal role in making pre-owned car ownership mainstream and accessible. This article delves into how consumer Behaviour is evolving in the context of the used car market and how platforms like Cars24 are influencing these shifts.

II. MARKET OVERVIEW

The rise of pre-owned cars in India

The pre-owned car market in India has emerged as a major force within the automotive industry, outpacing the growth rate of new car sales in recent years. Traditionally considered an unorganized and trust-deficit sector, the used car industry has undergone a significant transformation, driven by rising consumer awareness, digital platforms, and a growing emphasis on affordability.

Growth trends and statistics

According to recent industry reports, the Indian pre-owned car market was valued at around \$25 billion in 2023 and is projected to grow at a CAGR of over 15%, potentially reaching \$50 billion by 2028. Notably, the ratio of used cars sold to new cars has shifted significantly—from 1:1.2 in 2016 to nearly 1:2 in 2023—indicating that for every new car sold, almost two used cars are now being purchased. This trend reflects a growing acceptance of pre-owned vehicles as a viable and smart option, particularly among younger and first-time buyers.

MAJOR PLATFORMS IN USED CAR MARKET

Companies like Cars24, Spinny, and OLX Autos have revolutionized how consumers approach used car transactions—bringing transparency, trust, and convenience into a space once dominated by unorganized local dealers.

Cars24

Cars24 has emerged as one of the most prominent players in the online pre-owned car space. Known for its end-to-end digital model, it allows customers to buy, sell, finance, and even scrap vehicles from the comfort of their homes. With features like AI-powered car valuation, RC transfer support, 7-day return policy, and doorstep delivery, Cars24 has set new benchmarks in customer convenience and trust. Its focus on creating a seamless online experience has made it especially popular among tech-savvy and younger consumers.

Spinny

Spinny has positioned itself as a premium used car platform, emphasizing quality and certified vehicles. With a strict 200-point inspection process, a 5-day money-back guarantee, and 12-month warranty, Spinny appeals to consumers looking for peace of mind and high-quality standards. It also offers a completely online buying experience, including home test drives and deliveries, making it a strong contender in the organized sector of the used car market.

OLX Autos

Originally part of the broader OLX classifieds ecosystem, OLX Autos focuses on simplifying car sales for individuals through instant quotes, dealer bidding, and free inspections. While it leans more toward the seller side of the transaction, OLX Autos plays a significant role in organizing the supply side of the market and providing competitive offers quickly. Its hybrid model—combining online tools with offline inspection centres—caters to a wide range of consumer needs.

III. FACTORS INFLUENCING CONSUMER BEHAVIOUR IN PRE- OWNED CARS MARKET

1. Price Advantage

Price remains the most significant driver for consumers opting for pre-owned cars. The ability to purchase a relatively new vehicle at a much lower cost compared to a brand-new model is highly appealing—especially for first-time car buyers, students, or those upgrading from two-wheelers. The reduced depreciation rate of used cars also offers better value over time, making the purchase feel like a smart financial decision.

2. Trust and Transparency

Trust is often the biggest hurdle in the used car ecosystem. Consumers are wary of hidden damages, tampered odometers, or unclear ownership histories. Digital platforms have worked to eliminate this uncertainty by offering detailed inspection reports, verified vehicle history, and return policies. Platforms like Spinny and Cars24 use technology and standardized processes to foster transparency, which in turn builds consumer confidence.

3. Vehicle Quality and Certification

Quality assurance plays a critical role in consumer decision-making. Today's buyers expect a pre-owned car to not just be functional but also reliable. Certified used cars—those that pass multi-point inspections and come with warranties—are in high demand. Consumers are willing to pay a premium for peace of mind, knowing the vehicle has been thoroughly inspected and is backed by some form of guarantee.

4. Digital Convenience

Digital transformation has changed how people shop for everything—including cars. Online listings, 360-degree views, digital paperwork, virtual test drives, and even home delivery have turned what was once a physically demanding and time-consuming process into a seamless digital journey. Millennials and Gen Z, in particular, appreciate the ability to browse, compare, and book cars online without ever visiting a dealership.

5. Financing Availability

Access to easy financing has removed a major barrier in the used car segment. Today, consumers can get pre-approved loans, compare EMIs, and complete financing procedures online—all from within the platform they're purchasing from. The availability of low-interest rates and flexible repayment plans makes owning a car more accessible to a wider demographic.

IV. THE ROLE OF CARS 24 IN SHAPING CONSUMER EXPERIENCE

1. End-to-End Digital Convenience

Cars24 offers a fully digital car buying and selling journey—right from vehicle search to delivery. With features like AI-based car valuation, online documentation, digital loan approvals, and doorstep delivery, the platform caters to the growing demand for hassle-free, contactless experiences. This approach especially resonates with tech-savvy consumers who prefer speed and convenience over traditional methods.

2. Building Trust Through Transparency

Trust is a cornerstone of the Cars24 experience. The platform addresses common buyer concerns by providing detailed inspection reports, high-resolution photos, and verified service history for listed vehicles. The inclusion of a 7-day return policy and 6-month warranty further instills confidence, encouraging even first-time buyers to consider pre-owned cars seriously.

3. Financing Made Simple

Cars24 has streamlined the financing process for used vehicles by offering in-house loan services with competitive interest rates and flexible tenures. Buyers can check eligibility, compare EMI options, and complete loan formalities online, eliminating the need to visit banks or financial institutions. This is particularly valuable for younger consumers or those with limited credit history.

4. Expansion into Vehicle Services

To enhance the post-purchase experience, Cars24 has expanded into allied services like RC transfer, insurance, vehicle servicing, and even car refurbishment through its service centers. By offering these add-ons under one roof, Cars24 ensures that customers have a smooth ownership experience even after the purchase is complete.

5. Data-Driven Insights and AI Integration

Cars24 uses artificial intelligence and machine learning to offer accurate pricing, personalized recommendations, and fraud detection. Their algorithms factor in market trends, vehicle condition, and user preferences to help consumers make better decisions faster.

V. CHALLENGES FACED BY BUYERS

1. Lack of Standardization

One of the biggest hurdles for buyers is the lack of uniformity in how cars are inspected, priced, and certified. Even among organized players, inspection processes can vary, making it difficult for buyers to compare options objectively. In unorganized markets, this issue is even more pronounced, often leading to inconsistent quality and pricing.

2. Incomplete or Misleading Information

Transparency has improved, but some buyers still encounter gaps in information—such as undisclosed accident history, incomplete service records, or manipulated odometers. This erodes trust and makes buyers wary, especially in transactions with individual sellers or lesser-known dealerships.

3. Limited Test Drive or Physical Inspection Options

Although digital convenience is a strong advantage, some buyers feel restricted by limited test drive opportunities or the inability to physically inspect the car before purchase—particularly in fully online transactions. This lack of tactile interaction can deter those who prefer hands-on evaluation before making a decision.

4. Financing Complications

While financing options have improved, challenges still exist. Some buyers face difficulty in getting loan approvals due to lack of credit history, especially first-time borrowers or younger consumers. Additionally, interest rates on used car loans can be slightly higher than those for new cars, affecting affordability.

5. Trust Issues with Warranty and After-Sales Service

Buyers often express concerns over the authenticity and reliability of warranties offered on pre-owned vehicles. After-sales service can also be inconsistent, especially if the vehicle is no longer under the manufacturer's warranty. In such cases, servicing options are either limited or perceived to be unreliable, adding to the post-purchase anxiety.

6. Legal and Documentation Hassles

Despite improvements in RC transfer processes by platforms like Cars24, legal formalities such as ownership transfer, road tax updates, and insurance paperwork can still be time-consuming or unclear to buyers. Any delay or misstep in documentation can lead to legal complications or added expenses later.

VI. CONCLUSION

The rapid growth of India's pre-owned car market reflects a fundamental shift in consumer mindset—one that prioritizes value, convenience, and trust over the allure of ownership alone. As affordability concerns, urban mobility needs, and digital awareness rise, used cars are no longer seen as a compromise, but as a smart, strategic choice.

Platforms like Cars24 have played a pivotal role in driving this transformation. By addressing long-standing pain points through technology, transparent processes, and customer-focused services, they have helped shape a more organized and trustworthy ecosystem. Consumers today are not only more informed but also more confident in their purchasing decisions—thanks to innovations in online vehicle listings, financing options, warranties, and post-sale support.

However, challenges remain in terms of standardization, after-sales service, and legal formalities. Addressing these gaps will be crucial for the continued evolution of the market. The future of the pre-owned car industry in India lies in further digital integration, enhanced customer education, and stronger regulatory frameworks to protect buyer interests.

As consumer Behaviour continues to evolve, businesses that can adapt swiftly, maintain transparency, and consistently deliver value will lead the way. The journey from “second-hand” to “certified pre-owned” is not just a marketing shift—it's a mindset change, and it's here to stay.

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