MULTIDISCIPLINARY RESEARCH INSTITUTE INDIA

International Journal of Research and Development
A Management Review
ISSN: 2319 - 5479
Volume 15 Issue 02 (2026) | Pages: 363-370

Market Competition in India's SUV Sector: Trends and Consumer Preferences

S.A. Buche[1], A. Kulkarni[2], A. Gadage[3], A. Kul[4], S. Kshirsagar[5], K. Chahande[6]

[1,2,3,4,5,6]Department of MBA, MES'IMCC, Pune
[1]sab.imccmba@mespune.in, [2]atharvakulkarni2801@gmail.com, [3]gadageanushka3@gmail.com, [4]aryakul2003@gmail,.com, [5]shruti021203@gmail.com, [6]kchahande21@gmail.com

Peer Review Information

Type: *Article*
Received: *28 March 2026*
Revised: *26 April 2026*
Accepted: *11 May 2026*
Published: *02 June 2026*

Abstract

The project titled "Market Competition in India's SUV Sector: Trends and Consumer Preferences" aims to analysis the rapidly expanding SUV segment in the Indian automotive market. It investigates how evolving lifestyles, increasing incomes, and consumer expectations have fuel the demand for SUVs compared to other vehicle types. The study identifies major market contributors such as Tata Motors, Mahindra, Hyundai, Kia, and Maruti Suzuki, along with their competitive tactics, pricing strategies, design innovations, technological advancements, and marketing methods. It further examines consumer inclinations regarding features such as fuel efficiency, safety, comfort, brand reputation, and after-sales support. In this research, primary data was gathered through an online survey developed using Google Forms. A total of 113 valid responses were collected from participants concerning their preferences and views on the SUV segment in the Indian market.

Keywords: SUV Market; Consumer Preferences; Automotive Industry; Market Competition; Purchase Behaviour; Brand Reputation; Fuel Efficiency; Vehicle Safety; Pricing Strategies; Technological Innovation.

How to Cite This Article

Buche, S. A., Kulkarni, A., Gadage, A., Kul, A., Kshirsagar, S., & Chahande, K. (2026). Market competition in India's SUV sector: Trends and consumer preferences. *International Journal of Research and Development: A Management Review*, 15(2), 363–370.

Introduction

An SUV, or Sport Utility Vehicle, is a vehicle category that merges characteristics of on-road passenger cars with off-road capabilities such as increased ground clearance and four-wheel drive. The history of SUVs dates back to the early 20th century when military vehicles were modified for civilian purposes. The phrase "SUV" became widely recognized in the 1980s, referring to vehicles that combined the comfort of passenger cars with the rugged performance of off-road models. Today's SUVs for their roomy interiors, versatility, and ability to navigate various terrains, making them a popular option for families and adventure seekers. In recent times, improvements in safety, technology, and engine performance—along with the emergence of compact, mid-size, and full-size models—have established SUVs as a fundamental part of the automotive landscape

Research Paper

Due to the continuous rise in fuel prices and growing environmental awareness, consumers are increasingly prioritizing fuel efficiency when selecting vehicles. In response, automobile manufacturers are focusing on designing SUVs that deliver improved mileage along with reduced emissions. Additionally, the adoption of hybrid and electric SUVs is steadily increasing, as these options support the global movement toward sustainable transportation. As highlighted by the Ministry of Heavy Industries, the demand for fuel-efficient vehicles is anticipated to grow significantly, potentially reshaping the Indian SUV market. This evolving trend is likely to motivate manufacturers to enhance innovation and introduce more environmentally friendly vehicle options.

1. Consumer Preference for Safety Features:
Growing awareness about vehicle safety is significantly influencing buying behaviour in the Indian SUV market. With an increase in road traffic and accident rate consumers are placing greater importance on safety while selecting vehicles. Essential features such as anti-lock braking systems (ABS), airbags, and electronic stability control (ESC) are now considered basic requirements rather than optional add-ons. In addition, government regulations enforcing stricter safety norms are further shaping consumer choices. Consequently, automobile manufacturers are emphasizing the inclusion of advanced safety features in their SUV models to meet the expectations of safety-conscious customers. This trend is expected to support the expansion of the Indian SUV market, as buyers increasingly prefer vehicles that provide enhanced protection for themselves and their families.

2. Seating Capacity: 5-Seater (Dominant) vs. 7-Seater (Emerging):
The 5-seater SUV category continues to dominate the Indian market due to its cost-effectiveness and practicality, particularly in urban areas where limited space and parking constraints are key concerns. These vehicles offer a balanced combination of comfort, performance, and convenience, making them suitable for small families and city users. On the other hand, the 7-seater SUV segment is witnessing steady growth, driven by the rising need for vehicles that can accommodate larger families and group travel. Improvements in design, technology, and safety features have enhanced the appeal of 7-seater models, making them a viable option for consumers who require additional space without compromising on comfort and functionality.

Literature Review

A study conducted by Manish Kumar Srivastava and A.K. Tiwari (2026) :focused on analysis customer behaviour in the A3 segment automobile market, specifically comparing the Honda City and Maruti SX4 in the Jaipur region. The research was based on data collected from 100 respondents, with an equal sample of 50 customers for each car model. The respondents represented diverse demographic backgrounds, including differences in gender, occupation, and income levels.

The study evaluated several key factors influencing customer purchase decisions, such as price, safety, comfort, performance (power and pickup), mileage, maximum speed, design and styling, after-sales service, brand reputation, and cost of spare parts.

The analysis revealed that customers in the A3 segment place the highest importance on safety features, brand image, and seating and driving comfort when purchasing a car.

Additionally, the study highlighted that word-of-mouth communication and automobile magazine advertisements are among the most effective promotional channels influencing customer decisions.

Ramita Verma and Shubhankar Rathore (2026):The study conducted by Ramita Verma and Shubhankar Rathore focuses on the luxury car segment in India. Their research indicates that the luxury automobile market is expanding at an approximate annual growth rate of 25%, with an increasing number of premium car models entering the Indian market. Luxury vehicles are primarily preferred by High Net Worth Individuals (HNIs), who seek exclusivity and differentiation from the general population. The study highlights a shift in consumer attitude, where the focus has

moved from price sensitivity to factors such as design, quality, and driving experience. It also identifies key drivers contributing to the growth of the luxury car market.

Samin Rezvani, Goodarz Dehkordi, and Muhammad Sabbir Rahman (2025): This research examines the concept of country of origin and its influence on consumer purchase intention. The study explores how different variables are related to buying decisions and emphasizes that consumers often consider the origin and manufacturing location of products when assessing quality. It also points out that national stereotypes, along with customer preferences, can significantly impact purchase intention. Additionally, factors such as a country's political environment, culture, and economic conditions may influence consumer perceptions and sensitivity toward products.

Ranveer Bamba (2025):The research conducted by Ranveer Bambha analysis consumer preferences in the Indian SUV market. The findings reveal that the SUV segment is among the fastest-growing categories in the automobile industry, driven by rising demand for comfort, luxury, and performance. Key factors influencing consumer choice include fuel efficiency, safety features, driving performance, and brand reputation. The study also notes that the growing number of SUV models introduced by various manufacturers has increased market competition and provided consumers with a wider range of options.

Amartya Saha (2023):The study conducted by Amartya Saha analysis the expansion of the SUV segment in India and the influence of advertising on its growth. The research pointed out that India has emerged as one of the largest automobile markets globally, with SUVs contributing nearly half of total passenger vehicle sales in recent years. It was observed that effective marketing strategies, along with evolving lifestyle preferences, have motivated consumers to move from small cars to SUVs. Younger consumers, in particular, are attracted to SUVs due to their modern design, status appeal, strong road presence, and higher ground clearance. This trend has intensified competition among leading automobile manufacturers such as Tata Motors, Mahindra & Mahindra, Hyundai Motor Company, and Maruti Suzuki.

V. Mathan Kumar and R. Velmurugan: The research carried out by V. Mathan Kumar and R. Velmurugan focused on consumer preferences within the passenger car market. Their findings indicate that customers consider multiple factors while making purchase decisions, including vehicle design, styling, fuel efficiency, availability of spare parts, and maintenance expenses.

Literature Review on Articles

Dominance of Compact and Sub-Compact SUVs

Industry studies indicate that compact and sub-compact SUV segments contribute the highest share of vehicle sales in India. This trend is largely driven by price sensitivity and the suitability of these vehicles for urban usage. Experts suggest that the perceived advantages of SUVs, such as practicality and road presence, play a key role in their strong market performance.

Growing Electrification in the SUV Segment

Recent industry insights highlight a rapid increase in the adoption of electric SUVs (Battery Electric Vehicles). Leading automobile companies such as Tata Motors, MG Motor, Mahindra & Mahindra, Hyundai Motor Company, and Maruti Suzuki are actively competing in the electric SUV space. As a result, developing a strong electric vehicle strategy has become essential for maintaining competitiveness in the market.

Identifying Research Gaps

The Indian automobile industry has witnessed remarkable expansion over the last decade, with the SUV segment emerging as a key driver of growth. Research on the automobile sector indicates that SUVs have become highly popular among consumers due to their performance capabilities, enhanced safety features, and strong road presence. Leading automobile manufacturers such as Tata Motors, Mahindra & Mahindra, Hyundai Motor Company, and Maruti Suzuki have launched a wide range of SUV models to strengthen their position in this fast-growing market.

The findings suggest :that consumers are increasingly attracted to SUVs due to factors such as comfort, safety, modern design, fuel efficiency, and advanced technological features. Additionally, rising income levels and evolving lifestyle patterns are encouraging a shift from smaller hatchback vehicles to SUVs.

Justification: of the Study: In recent years, smaller SUVs—particularly micro and compact models under 4 meters—have shown higher growth rates compared to mid-size and premium SUVs. Despite this trend, there is limited research explaining the reasons behind this shift in size preference within the expanding SUV market, beyond general factors like lifestyle changes. This highlights the need for a more focused analysis of consumer preferences in relation to SUV size categories.

Rationale of Study: The purpose of this study is to understand the purchasing behaviour, consumer mindset, affordability, and technological preferences of customers in India's SUV segment. The competitive SUV market in India is influenced by both psychological and practical factors. Data collected through questionnaires helps identify key consumer priorities such as price, safety features, and social status. Survey-based research involving SUV buyers and owners measures preferences using statistical tools like rating scales, factor analysis, and weighted averages, highlighting logical decision-making patterns in a highly competitive market structure.

Justification of the Study: This research focuses on analysing consumer buying behaviour, mindset, purchasing power, and technology preferences in the Indian SUV market. The fast- paced growth of the SUV segment, along with rising competition among automobile manufacturers, makes it essential to understand the key factors influencing consumer decision-making.

Objective of the study

- To analysis the intensity of competition in the SUV segment and examine the marketing and pricing strategies adopted by automobile companies.
- To study consumer preferences towards SUV vehicles.
- To understand consumer perception and measure their level of satisfaction with SUVs.
- To compare various SUV brands and models based on performance, pricing, features, and overall customer perception.
- To evaluate the impact of factors such as income level, lifestyle, and road conditions on the demand for SUVs.
- To assess customer satisfaction and expectations within the SUV segment.
- To examine the market share and positioning strategies of leading SUV manufacturers in India.
- To identify emerging trends and analysis the future growth prospects of the SUV market in India.

Justification: These objectives aim to develop a detailed understanding of the SUV market in India by examining company strategies and consumer behaviour. Analysis competition, pricing strategies, and brand positioning provides insights into how companies such as Maruti Suzuki and Tata Motors function within a highly competitive market environment.

Following is the Hypothesis H0 (Null Hypothesis):

There is no statistically significant association between the level of competition among automobile companies and consumer preferences in the SUV segment in India.

H1 (Alternative Hypothesis):

There exists a statistically significant association between the level of competition among automobile companies and consumer preferences in the SUV segment in India.

Research Methodology

- Research Design: The study is based on a descriptive research design to systematically present facts and characteristics of the SUV market.
- Data Sources: Both primary and secondary data have been utilized for the study.
- Data Analysis: The collected data has been analysis using responses obtained through a structured questionnaire.
- Sampling Technique: A convenience sampling method has been adopted for selecting respondents.
- Universe: The study focuses on students from IMCC College and their relatives who were accessible to the researcher.
- Sampling Unit: The sampling unit consists of individual students and their relatives who are in contact with the researcher.
- Population: A total of 200 individuals were approached for data collection.
- Sample Size: Out of the total population, 113 respondents completed the questionnaire.
- Statistical Tools: The reliability of the questionnaire was evaluated, and the T-test was applied for data analysis.

Data Analysis

Consumer Preference towards SUV Brand in Automobile Market

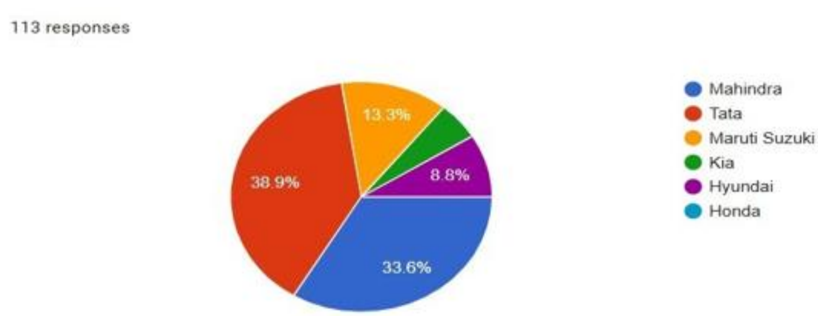

Fig. 1. *Consumer Preference towards SUV Brands in the Indian Automobile Market*

Brand	Percentage	Respondents
Tata	38.9%	44
Mahindra	33.6%	38
Maruti Suzuki	13.3%	15
Hyundai	8.8%	10
Kia	5.3%	6
Honda	0%	0

Total = 113

T-Test Formula

$$t = \frac{\bar{X} - \mu}{s/\sqrt{n}}$$

Where:
$\bar{X}$ = Value for Tata (38.9)
μ = Mean of all brands
s = Standard deviation
n = Number of brands

Step-by-Step Calculation

Data set Mean (μ)
(38.9 + 33.6 + 13.3 + 8.8 + 5.3 + 0) / 6 ≈ **16.8**
Standard Deviation (s)
$s = \sqrt{[\Sigma(X - \mu)^2 / (n - 1)]} \approx 15.5$
Calculate T-value (for Tata)
$t = (38.9 - 16.8) / (15.5/\sqrt{6}) \approx 3.49$
Critical Value
Degree of freedom (df) = 6 − 1 = 5
At 5% significance level → t critical ≈ 2.571
Decision
Calculated t = 3.49
Critical t = 2.571
Since 3.49 > 2.571, we reject H_0.
Analysis & Interpretation: The above table & Figure 1 interprets that 38.9% customers prefer Tata brand and the least preference is given to Kia brand (5.3%) and Honda (0%).

Consumer Survey: Primary Factor Influencing Your Decision to Buy an SUV?

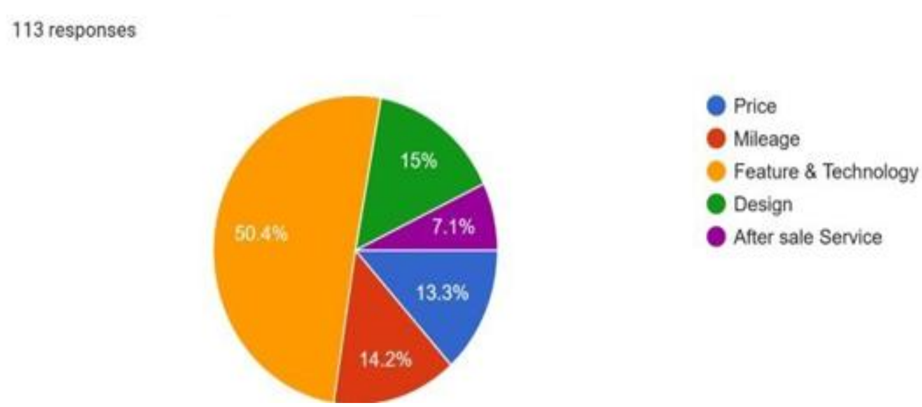

Fig. 2. *Primary Factors Influencing SUV Purchase Decisions*

Factor	Percentage	Number of Responses
Feature & Technology	50.4%	57
Design	15%	17
Mileage	14.2%	16
Price	13.3%	15
After Sale Service	7.1%	8
Total	100%	113

T-Test Formula

For a one-sample or comparison test:

$$t = \frac{\bar{X} - \mu}{s/\sqrt{n}}$$

Where:
$\bar{X}$ = Sample mean
μ = Population mean (average of all factors)
s = Standard deviation
n = Sample size
Step-by-Step Calculation
Convert percentages to values:
Data set = [13.3, 14.2, 50.4, 15, 7.1]
Calculate Mean ($\bar{X}$)
$\bar{X} = (13.3 + 14.2 + 50.4 + 15 + 7.1) / 5 = 20$
Standard Deviation (s)
$s = \sqrt{[\Sigma(X - \bar{X})^2 / (n - 1)]} \approx 16.4$
Apply T-Test (for Feature & Technology = 50.4)
$t = (50.4 - 20) / (16.4/\sqrt{5}) \approx 4.15$
Critical Value
Degree of freedom (df) = 5 − 1 = 4
At 5% significance level → t critical ≈ 2.776
Decision Rule
Calculated t = 4.15
Critical t = 2.776
Since 4.15 > 2.776, we reject H_0.
Analysis & Interpretation: The above table and Figure 2 interprets that 50.4% prefer feature and technology, while the least preference is given to after-sales service at 7.1%.

Consumer Preference: Likely to Switch Brand if a Competitor Offers a Better SUV?

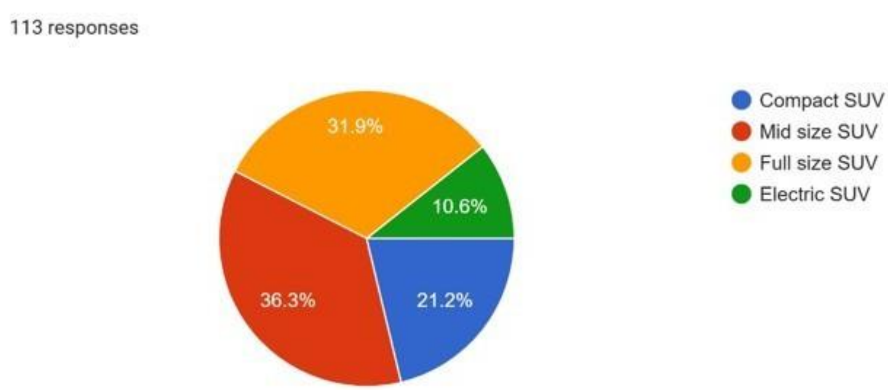

Fig. 3. *Consumer Preference for SUV Type*

Type of SUV	Percentage	Interpretation
Compact SUV	21.2%	Moderate consumer preference
Mid-size SUV	36.3%	Highest consumer preference
Full-size SUV	31.9%	Strong preference
Electric SUV	10.6%	Lowest preference

Total = 113 responses

T-Test Formula

$$t = \frac{\bar{X} - \mu}{s/\sqrt{n}}$$

Where:
$\bar{X}$ = Mid-size SUV value (36.3)
μ = Mean of all SUV types
s = Standard deviation
n = Number of categories
Calculation
Data set = [21.2, 36.3, 31.9, 10.6]
Mean (μ)
$\mu = (21.2 + 36.3 + 31.9 + 10.6) / 4 = 25$
Standard Deviation (s)
$s = \sqrt{[\Sigma(X - \mu)^2 / (n - 1)]} \approx 11.3$
T-value (for Mid-size SUV)
$t = (36.3 - 25) / (11.3/\sqrt{4}) \approx 2.00$
Critical Value
Degree of freedom (df) = 4 − 1 = 3
At 5% significance level → t critical ≈ 3.182
Decision
Calculated t = 2.00
Critical t = 3.182
Since 2.00 < 3.182, we fail to reject H_0.
Analysis & Interpretation: The above table & Figure 3 interprets that 36.3% prefer Mid-size SUVs, while the least preference is given to Electric SUVs at 10.6%.

Findings

Price Sensitivity and Value Proposition
Customers in this segment are highly price-conscious and tend to compare features across brands. Vehicles offering better value for money (more features at competitive pricing) gain a stronger market position.

Brand Reputation and Trust
Established brands such as Toyota, Hyundai, and Tata enjoy higher customer preference due to reliability, after-sales service, and brand image. New entrants face challenges in building trust.

Feature-Based Competition
The competition is driven significantly by features such as safety (airbags, ADAS), infotainment systems, mileage, and comfort. SUVs with advanced technology and safety features have a competitive edge.

India's SUV car segment features intense competition driven by major players like Maruti Suzuki, Mahindra, Tata Motors, and Hyundai, with compact models dominating due to urban appeal and evolving buyer preferences. Recent research papers confirm SUVs hold over 50% of passenger vehicle sales, fueled by advertisements, behavioral factors, and market shifts toward affordability and features.

Justification The findings indicate that competition in India’s SUV segment is mainly influenced by price sensitivity, brand trust, and feature availability. Consumers prefer vehicles that offer maximum value for money along with reliability from well- established brands such as Toyota, Hyundai, and Tata Motors.At the same time, competition is becoming feature-driven, with safety, technology, and comfort playing a key role in purchase decisions. Major players like Maruti Suzuki, Mahindra & Mahindra, Tata Motors, and Hyundai are continuously innovating to meet these expectations.

Conclusion: The SUV segment has emerged as one of the fastest-growing and most competitive sectors within the automotive industry. This study highlights that customer preferences are largely influenced by factors such as pricing, fuel efficiency, features, brand reputation, and after-sales service. To remain competitive, automobile manufacturers are continuously innovating and launching new models equipped with advanced technology and enhanced safety features.

Moreover, evolving consumer lifestyles and the rising demand for spacious, comfortable, and multi-purpose vehicles have further increased the level of competition in this segment. In conclusion, companies that are able to effectively combine performance, cost-effectiveness, and innovation are better positioned to achieve long-term growth and sustainability in this dynamic market.

List of SUVs Considered in Study

- Maruti Suzuki Brezza Tata Nexon
- Hyundai Creta Kia Seltos
- Mahindra Scorpio-N Mahindra XUV700 Toyota Urban Cruiser MG Hector

Conclusion

The analysis of competition in the Indian SUV market shows that the segment is highly competitive, constantly changing, and developing at a fast pace. Consumer choices are affected by several factors, including features and technology, brand reputation, pricing, design, and fuel efficiency. Among these, features and technology have emerged as the most influential factors based on the study.

The results further suggest that companies such as Tata and Mahindra maintain a strong position in the market by focusing on safety, advanced features, and offering good value for money. In contrast, brands like Maruti Suzuki, Hyundai, and Kia remain competitive by leveraging customer trust, better fuel efficiency, and innovative designs.

Additionally, preference patterns indicate that mid-size and full-size SUVs are more popular, reflecting a growing inclination among Indian consumers toward larger, more powerful, and well-equipped vehicles. However, the T-test analysis reveals that in certain situations, the differences in consumer preferences are not statistically significant, which highlights the presence of strong competition and the availability of close alternatives within the market.

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