Electrical Vehicle Market in India

Market segmentation



Electrical Vehicle Market Analysis in India

Introduction

They often say, "Electric vehicles are the future." With the right amount of functionality, they are eco-friendly, and hence it is an excellent choice for people. Today, Tesla, Mercedes Benz, Audi, Hyundai, Mahindra, Chevrolet, BMW, and Renault are manufacturing ground-breaking electric vehicles. Electric vehicles came into existence in the 19th century. Earlier, they did not do that well in the market because of its high cost, low speed, and short-range. So initially, the demand declined world-wide. However, they have been used for transportation and public transport, especially as rail vehicles.

As the concern for the environment increased in the 21st century, gas-powered vehicles emit a lot of smoke and are incredibly harmful to the atmosphere. Therefore, the interest in electric vehicles increased too. Electric cars were popular among those who used them in the city where their short-range did not prove a disadvantage. The significant popularity of electric rickshaws dominated the entire market. In 2016-17 about 500000 e-rickshaws were sold in India. It served as an excellent help for the population to commute daily.

Fast forward to 2021, where companies are working aggressively to develop affordable electric vehicles, with a vision to dispel the notion that electric cars are expensive. For example, E-Trio, an EV company, is working on providing EVs for all in an affordable manner. They focus on cars and other products such as Electric LCV, Electric Bikes, and Electric three-wheelers.

The government in India aims to make arrangements and incentives so that the Battery Electric Vehicles will encourage more people to contribute to 25% of all new vehicle registrations by 2024. Currently, electric vehicles contribute to only 0.29% of the overall registrations in India. For this to happen, a two-prong approach must be set in motion. Firstly, India needs to be genuinely EV-ready by setting up the proper infrastructure and the necessary technology to support electric vehicle manufacturing. Secondly, provisions must be put in place so that the old vehicle can be converted into hybrid electric vehicles through retrofitting to curb the rising pollution levels.

In this report we are going to analyse the data and solve the problem using **Fermi Estimation** by breaking down the problem.

Data Collection

The data has been collected manually, and the sources used for this process are listed below:

- https://www.kaggle.com/datasets
- https://data.gov.in/
- https://data.worldbank.org/
- https://datasetsearch.research.google.com/

Market Segmentation Target Market:

The target market of Electric Vehicle Market Segmentation can be categorised into Geographic, SocioDemographic, Behavioral, and Psychographic Segmentation.



Behavioural Segmentation: searches directly for similarities in behavior or reported behavior.

Example: prior experience with the product, amount spent on the purchase, etc.

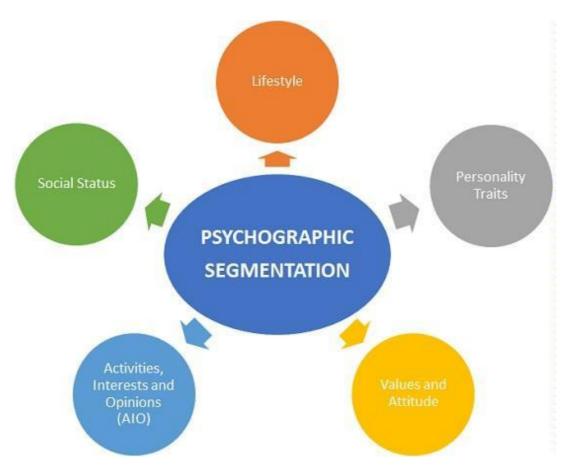
Advantage: uses the very behavior of interest is used as the basis of segment extraction.

Disadvantage: not always readily available.

Psychographic Segmentation: grouped based on beliefs, interests, preferences, aspirations, or benefits sought when purchasing a product. Suitable for lifestyle segmentation. Involves many segmentation variables.

Advantage: generally more reflective of the underlying reasons for differences in consumer behavior.

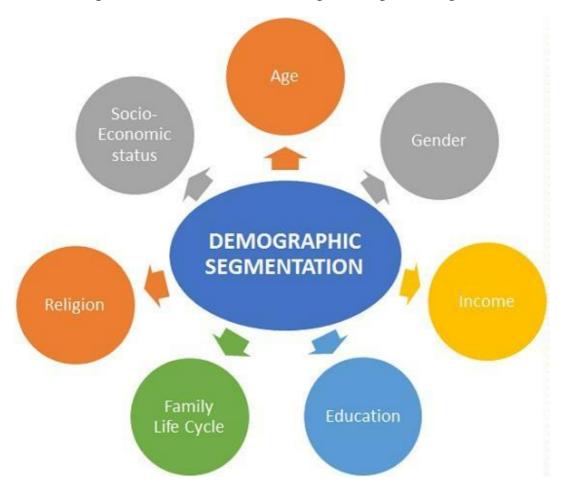
Disadvantage: increased complexity of determining segment memberships for consumers.



Demographic Segmentation: includes age, gender, income and education. Useful in industries.

Advantage: segment membership can easily be determined for every customer.

Disadvantage: if this criteria is not the cause for customers product preferences then it does not provide sufficient market insight for optimal segmentation decisions.



Geographic Segmentation: includes location based on population density, location(far/near, city/village), climate. Useful in industries.

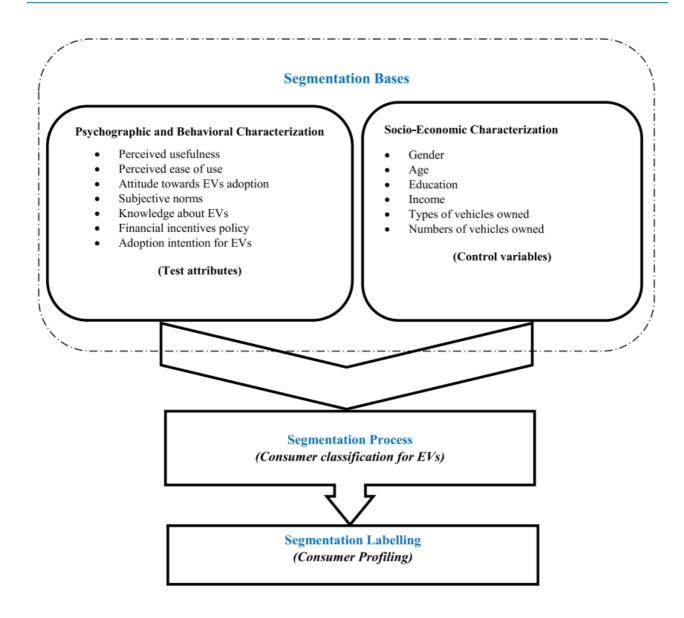
Advantage: Location information can easily be determined and analyse.

Disadvantage: Companies often do not rely solely on geographic segments to determine their target market.



Segmenting for Electric Vehicle Market

The market segmentation approach aims at defining actionable, manageable, homogenous subgroups of individual customers to whom the marketers can target with a similar set of marketing strategies. The segments are identified based on the relationship among the multiple measured variables. It is argued that the blended approach of *psychographic* and *socioeconomic attributes* for market segmentation enables the formulation of sub-market strategies which in turn satisfy the specific tastes and preferences of the consumer groups. Straughan and Roberts presented a comparison between the usefulness of *psychographic*, *demographic*, *and economic* characteristics based on consumer evaluation for eco-friendly products. We are going to look into different aspects of segmentation for EVs.



Implementation Packages/Tools used:

- 1. **Numpy:** To calculate various calculations related to arrays.
- 2. **Pandas:** To read or load the datasets.

Data-Preprocessing

Data Cleaning

The data collected is compact and is partly used for visualisation purposes and partly for clustering. Python libraries such as NumPy, Pandas, Scikit-Learn, and SciPy are used for the workflow, and the results obtained are ensured to be reproducible.

Two datasets are used and achieved the results from both the sets.

```
In []:
            import pandas as pd
            df=pd.read_csv('/content/bikewala.csv')
In [ ]:
            df
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             import numpy as np
import pandas as pd
              import matplotlib.pyplot as plt
import seaborn as sb
import statsmodels.api as sm
              import plotly.express as px
             df = pd.read_csv('ElectricCarData_Clean.csv')
df.head()
                     Brand
                                                Model AccelSec TopSpeed KmH Range Km Efficiency WhKm FastCharge KmH RapidCharge PowerTrain
                                                                                                                                              PlugType BodyStyle Segment Seats PriceEuro
              0
                      Tesla Model 3 Long Range Dual Motor
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                                                                                   450
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Honda

95

145

170

168

190

Yes

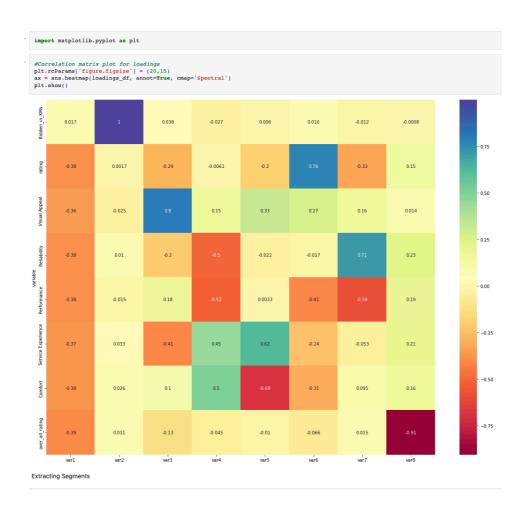
RWD Type 2 CCS Hatchback

B 4 32997

EDA

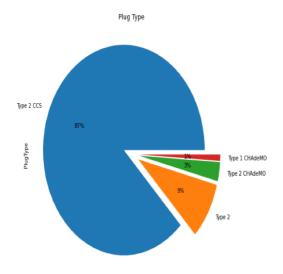
We start the Exploratory Data Analysis with some data Analysis drawn from the data without Principal Component Analysis and with some Principal Component Analysis in the dataset obtained from the combination of all the data we have. PCA is a statistical process that converts the observations of correlated features into a set of linearly uncorrelated features with the help of orthogonal transformation. These new transformed features are called the Principal Components. The process helps in reducing dimensions of the data to make the process of classification/regression or any form of machine learning, cost-effective.

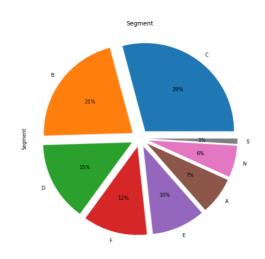
Correlation Matrix: A correlation matrix is simply a table that displays the correlation. It is best used in variables that demonstrate a linear relationship between each other. Coefficients for different variables. The matrix depicts the correlation between all the possible pairs of values through the heat-map in the below figure. The relationship between two variables is usually considered strong when their correlation coefficient value is larger than 0.7.



AccelSec	1	-0.79	-0.68	-0.38	-0.73	-0.29	-0.18	-0.63	-0.63
TopSpeed_KmH	-0.79	1	0.75	0.36	0.79	0.22	013	0.83	0.83
Range_Km	-0.68	0.75	1	0.31	0.72	0.25	0.3	0.67	0.67
Efficiency_WhKm	-0.38	0.36	0.31	1	0.32	0.014	0.3	0.4	0.4
FastCharge_KmH	-0.73	0.79	0.72	0.32	1	0.23	019	0.67	0.67
RapidCharge	-0.29	0.22	0.25	0014	0.23	1	0.2	0.2	02
Seats	-0.18	0.13	0.3	0.3	0.19	0.2	1	0.021	0.021
PriceEuro	-0.63	0.83	0.67	0.4	0.67	0.2	0.021	1	1
inr(10e3)	-0.63	0.83	0.67	0.4	0.67	0.2	0.021	1	1
	AccelSec	TopSpeed_KmH	Range_Km	Efficiency_WhKm	FastCharge_KmH	RapidCharge	Seats	PriceEuro	inr(10e3)

Comparison of cars:





10

0.8

0.6

0.4

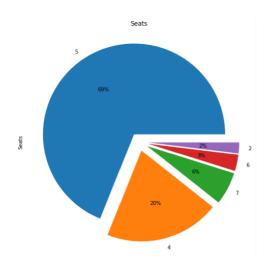
0.2

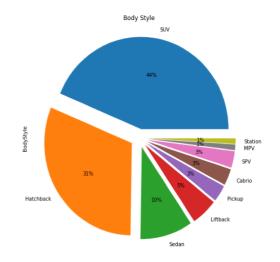
0.0

-0.2

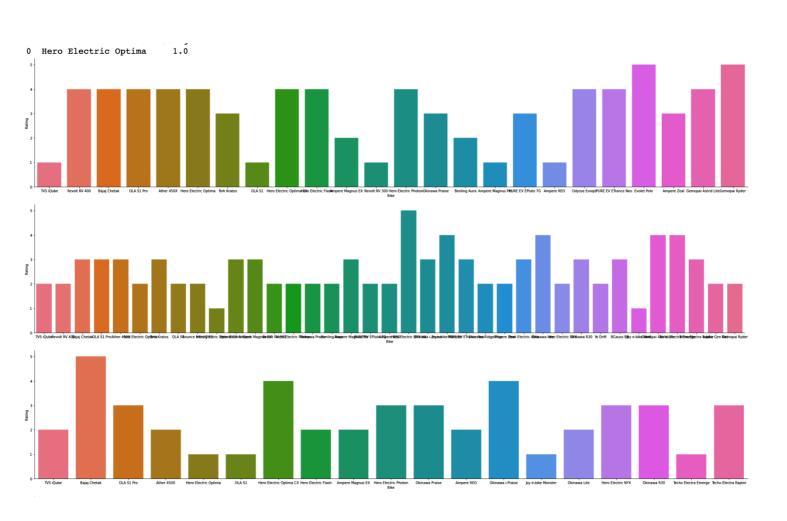
-0.4

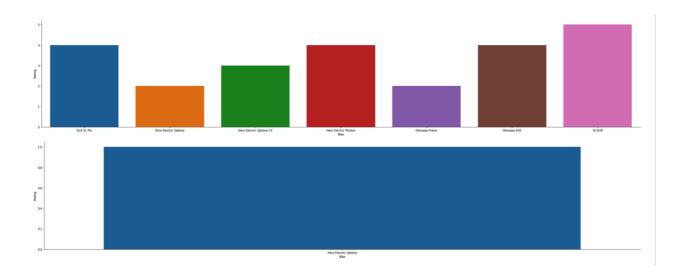
-0.6





Comparison of Bikes:

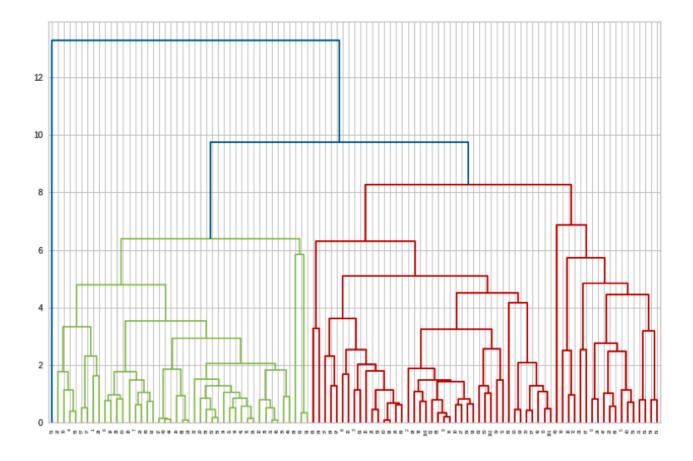




Extracting Segments

Dendrogram

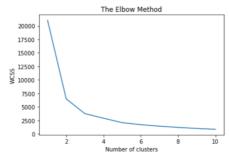
This technique is specific to the agglomerative hierarchical method of clustering. The agglomerative hierarchical method of clustering starts by considering each point as a separate cluster and starts joining points to clusters in a hierarchical fashion based on their distances. To get the optimal number of clusters for hierarchical clustering, we make use of a dendrogram which is a tree-like chart that shows the sequences of merges or splits of clusters. If two clusters are merged, the dendrogram will join them in a graph and the height of the join will be the distance between those clusters. As shown in Figure, we can chose the optimal number of clusters based on hierarchical structure of the dendrogram. As highlighted by other cluster validation metrics, four to five clusters can be considered for the agglomerative hierarchical as well.



Elbow Method

The Elbow method is a popular method for determining the optimal number of clusters. The method is based on calculating the Within-Cluster-Sum of Squared Errors (WSS) for a different number of clusters (k) and selecting the k for which change in WSS first starts to diminish. The idea behind the elbow method is that the explained variation changes rapidly for a small number of clusters and then it slows down leading to an elbow formation in the curve. The elbow point is the number of clusters we can use for our clustering algorithm.

The KElbowVisualizer function fits the KMeans model for a range of clusters values between 2 to 8. As shown in Figure, the elbow point is achieved which is highlighted by the function itself. The function also informs us about how much time was needed to plot models for various numbers of clusters through the green line.



Analysis and Approaches used for Segmentation

Clustering

Clustering is one of the most common exploratory data analysis techniques used to get an intuition about the structure of the data. It can be defined as the task of identifying subgroups in the data such that data points in the same subgroup (cluster) are very similar while data points in different clusters are very different. In other words, we try to find homogeneous subgroups within the data such that data points in each cluster are as similar as possible according to a similarity measure such as euclidean-based distance or correlation-based distance.

The decision of which similarity measure to use is application-specific. Clustering analysis can be done on the basis of features where we try to find subgroups of samples based on features or on the basis of samples where we try to find subgroups of features based on samples.

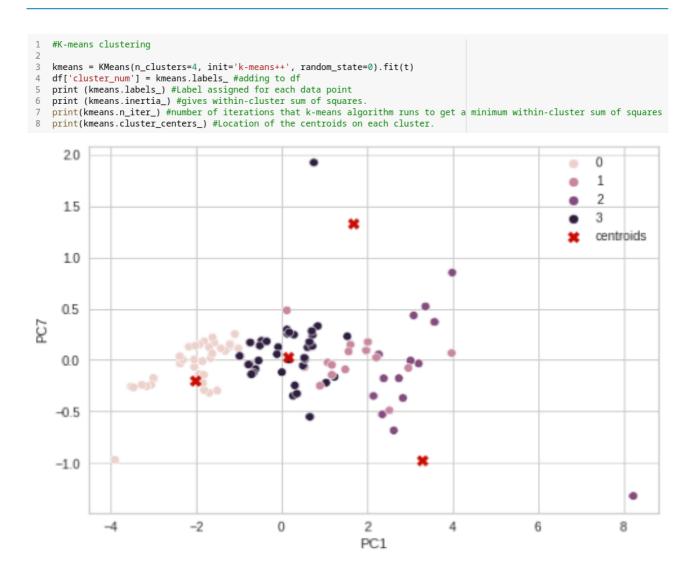
K-Means Algorithm

K Means algorithm is an iterative algorithm that tries to partition the dataset into pre-defined distinct non-overlapping subgroups (clusters) where each data point be-

longs to **only one group**. It tries to make the intra-cluster data points as similar as possible while also keeping the clusters as different (far) as possible. It assigns data points to a cluster such that the sum of the squared distance between the data points and the cluster's centroid (arithmetic mean of all the data points that belong to that cluster) is at the minimum. The less variation we have within clusters, the more homogeneous (similar) the data points are within the same cluster.

The **k-means clustering algorithm** performs the following tasks:

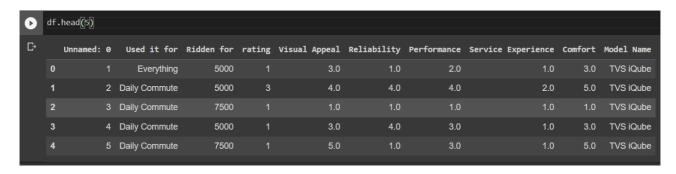
- Specify number of clusters K
- Initialize centroids by first shuffling the dataset and then randomly selecting K data points for the centroids without replacement.
- Compute the sum of the squared distance between data points and all centroids.
- Assign each data point to the closest cluster (centroid).
- Compute the centroids for the clusters by taking the average of the all data points that belong to each cluster.
- Keep iterating until there is no change to the centroids. i.e assignment of data points to clusters isn't changing.
 - According to the Elbow method, here we take K=4 clusters to train KMeans model. The derived clusters are shown in the following figure



The new data set taken to understand the behavior of different customers based on their usage

The data contain all the ratings for the bikes

Figure shows the data taken for extracting segments

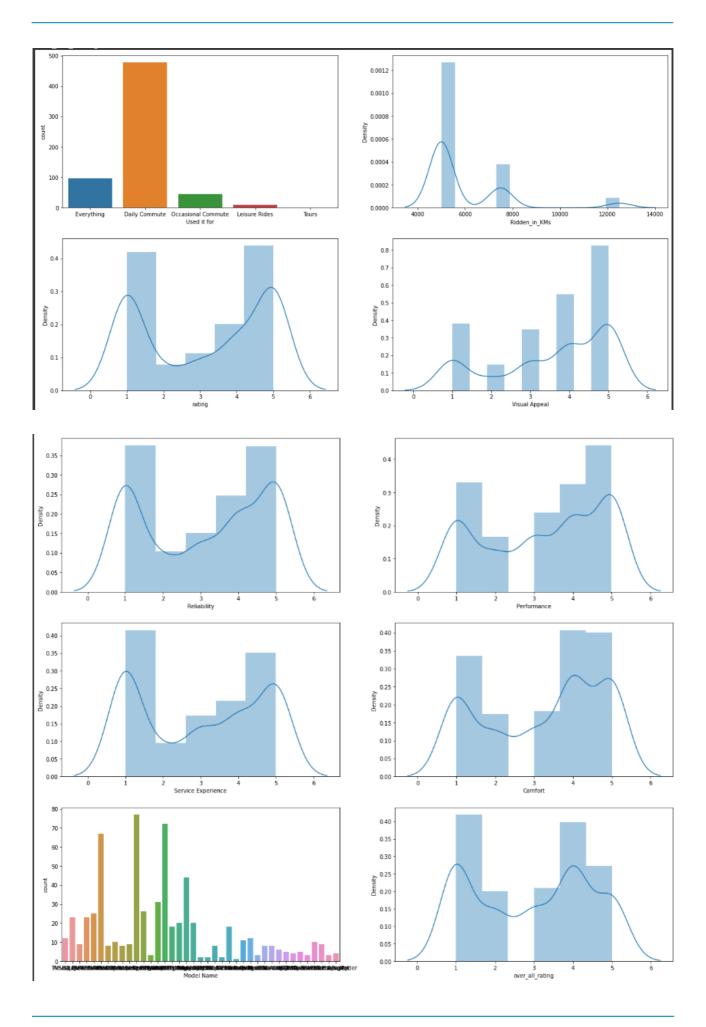


Different models of Electric Bikes in our data set

```
df['Model Name'].value_counts()
→ Hero Electric Flash
   Okinawa Praise
                              72
   Hero Electric Optima
                             67
   PURE EV EPluto 7G
                              44
   Hero Electric Photon
                              31
   Ampere Magnus EX
                              26
   Ather 450X
                              25
   OLA S1 Pro
                              23
   Revolt RV 400
                              23
   Ampere REO
                              20
   Ampere Magnus Pro
                              20
   Benling Aura
                              18
   PURE EV ETrance Neo
                              18
   Ampere Zeal
                              12
   TVS iQube
                              12
   Okinawa Ridge Plus
                              11
   OLA S1
                              10
   Techo Electra Emerge
                              10
   Techo Electra Raptor
                              9
   Hero Electric Optima CX
                               9
                               9
   Bajaj Chetak
   Bounce Infinity E1
                               8
   Okinawa i-Praise
                               8
   Tork Kratos
                               8
   Okinawa Lite
                               8
   Hero Electric NYX
                               8
   Okinawa R30
                               6
   Joy e-bike Wolf
   Yo Drift
   BGauss B8
                               4
   Gemopai Ryder
                              4
   Hero Electric Atria
                               3
   Gemopai Astrid Lite
                               3
   Revolt RV 300
                               3
   e-bike Gen Nxt
                               3
   Joy e-bike Monster
   Hero Electric NYX HX
                               2
   Odysse Evoqis
   Evolet Polo
                               1
   Name: Model Name, dtype: int64
```

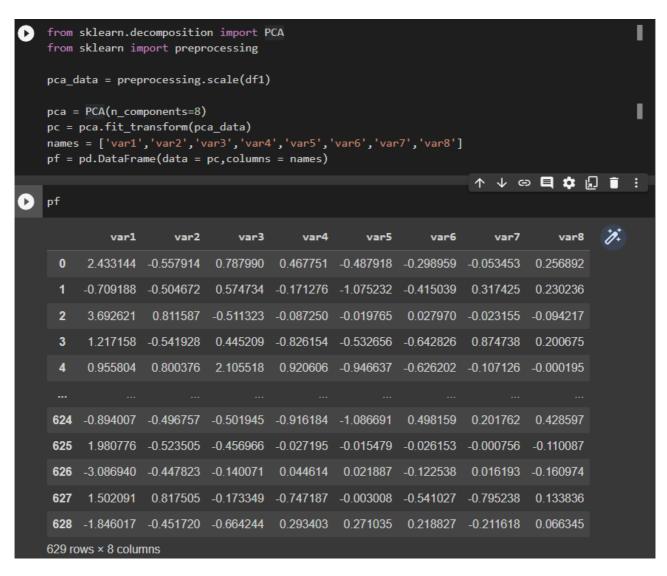
EDA of Data

Analyzing each variable in the data set i.e. the different variables taken into consideration. Where users are given their individual ratings for each variables



Principal component analysis (PCA):

Principal component analysis (PCA) is a popular technique for analyzing large datasets containing a high number of dimensions/features per observation, increasing the interpretability of data while preserving the maximum amount of information, and enabling the visualization of multidimensional data. Formally, PCA is a statistical technique for reducing the dimensionality of a dataset. This is accomplished by linearly transforming the data into a new coordinate system where (most of) the variation in the data can be described with fewer dimensions than the initial data. Many studies use the first two principal components in order to plot the data in two dimensions and to visually identify clusters of closely related data points. Principal component analysis has applications in many fields such as population genetics, micro biome studies, and atmospheric science.



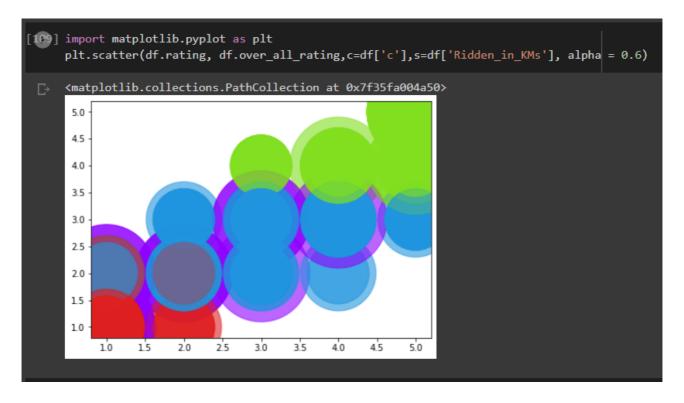
CORRELATION MATRIX



USING K-MEAN CLUSTERING TO FROM CLUSTERS

We have chosen the no.of segments to "4"

Analyzing the points under each cluster



DESCRIBING THE SEGMENTS

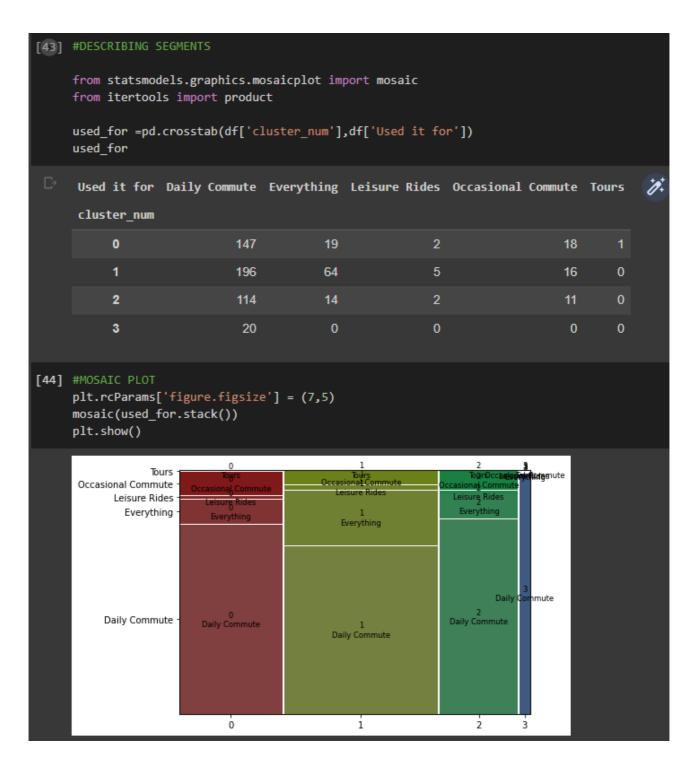
Here we describe our segments with respect to two key variables in our data set i.e.

1) Used For It

2) Model Name

In the data we have different usages like {Daily Commute, Everything, occasional Commute, Leisure Rides, Tours} under the "Used For It" column.

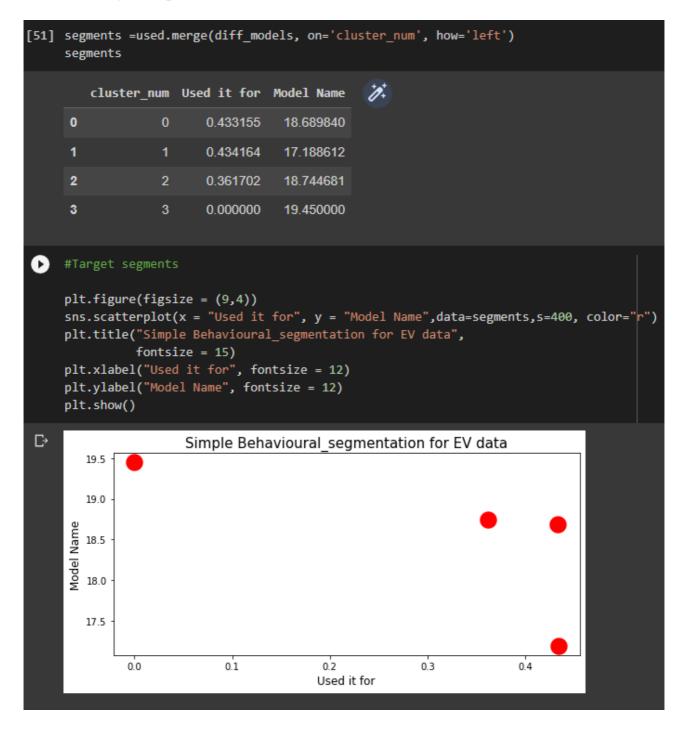
The below figure shows how the segments are formed for each usage



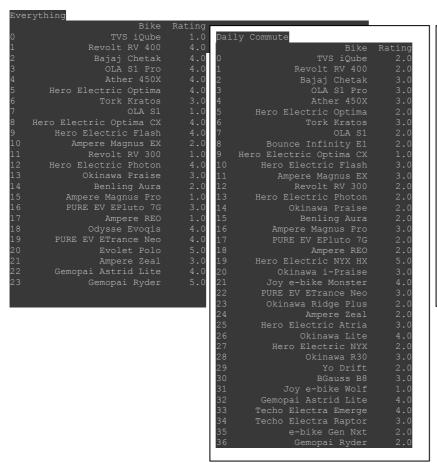
These are the different types of electric bikes as mentioned in the earlier. The below figure depicts the segments based on the different models of electric bikes

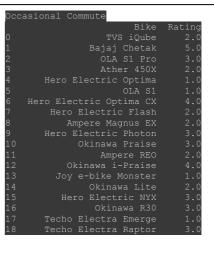


Overs all Segment points

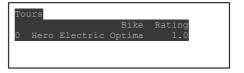


For the better conclusion we have calculated the overall rating for each bike with respect to the usage individually









CONCLUSION:

conclusion for manual process:From the data and above interpretation , it clearly says that

for "Everything" usage [Gemopai Ryder, Evolet Polo] bikes are more preferred

for 'Daily Commute" usage [Hero Electric NYX HX] bike is more preferred

for "Occasional Commute" usage [Bajaj Chetak] bike is more preferred

for "Leisure Rides" usage [Yo Drift] bike is more preferred

for "Tours" usage [Hero Electric Optima] bike is more preferred

The above conclusions are made after analysing all the data.i.e based on the ratings given by each customers for their corresponding bike.

GitHub links-

Balla Rakesh: https://github.com/Balla01/EV_SEGMENATAION
Shubhra Saxena: https://github.com/Shubhra2502/EV-Segmentation