

Micro-Hybrid Vehicles Market - Growth, Trends, and Forecast (2023 - 2028)

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Report description:

The micro-hybrid vehicle market is expected to register a CAGR of more than 10 % during the forecast period.

Key Highlights

The COVID-19 pandemic benefited the hybrid vehicle (which includes micro-hybrid vehicles) market by crystallizing attitudes toward the environment by revealing cleaner air and lowering pollution levels during the lockdown. COVID-19 raised their environmental awareness, and their concerns are now reflected in plans to purchase more environmentally friendly electric and hybrid vehicles. Manufacturers plan to launch new models to attract customers, so the forecast period is expected to be optimistic.

Over the long term, developing high-performance lithium-ion batteries is expected to help drive the micro-hybrid vehicle market significantly during the forecast period. These vehicles have small batteries and motors that do not require any technical modification or requirements for battery manufacturing other than what is required for hybrid and electric vehicles.

With increasingly stringent emission standards worldwide, automakers are gradually shifting production away from conventional engine vehicles to hybrid and electric vehicles. Concerns about environmental protection and reducing greenhouse gas emissions, particularly carbon dioxide, will significantly drive market growth. However, the high cost of hybrid and electric vehicles and a need for charging infrastructure may slow market growth, as cost-conscious customers prefer conventional IC engine vehicles. Moreover, rising consumer vehicle sales in developing economies such as India and China present massive growth opportunities for the micro-hybrid vehicles market. In these countries, the growing population of people with high disposable incomes and a willingness to spend more on environmentally friendly automobiles is compelling car manufacturers to introduce micro-hybrid vehicles. In the coming years, hybrid technology is expected to account for a significant portion of total car sales in these countries.

Micro Hybrid Vehicles Market Trends

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Increasing Demand for Lithium-ion Batteries

Currently, the lithium-ion battery segment is experiencing more demand and is projected to be the fastest-growing battery type in the upcoming years, mainly due to the increasing sales and demand for battery electric vehicles. However, electric vehicles are causing a restraint in the market, but their growing sales drive the market. Also, stringent emission standards, better fuel efficiency, and government incentives are a few significant factors driving this segment. Battery manufacturers are partnering with OEMs, and this is, in turn, increasing vehicle sales as well.

Most of the Asian-Pacific region's governments, such as China, Japan, and Singapore, have lifted taxes or given a considerable amount of tax exemption on purchasing EVs. These government initiatives have attracted many customers to buy EVs and are attributed to the increasing sales of Lithium-ion batteries.

For instance, in September 2022, the announcement on Continuing Tax Exemptions on Purchases of New Energy Vehicles was jointly issued by the Ministry of Finance (MOF), the State Taxation Administration (STA), and the Ministry of Industry and Information Technology (MIIT). Purchases of new energy vehicles (NEVs) made between January 1, 2023, and December 31, 2023, will be exempt from vehicle purchase tax indefinitely, according to the announcement.

While internal combustion engine vehicles continue to dominate, electrification in the form of start-stop and micro-hybrid vehicles has already captured a sizable market share. By 2030, approximately 60% of new cars worldwide are expected to be micro-hybrid, with close to 80% in Europe and 75% in the United States. Over the last ten years, lead battery performance has improved significantly, resulting in widespread use in start-stop and micro-hybrid applications. Furthermore, rapid industrialization and technological advancements are propelling the micro-hybrid vehicle market.

Thus, the increasing demand for lithium-ion batteries and such developments shall lead this segment to experience more demand.

Asia-Pacific is Expected to Gain Highest Market Share

Across the regions in Asia-Pacific, China holds a significant share in the hybrid vehicles market share owing to their highest vehicle sales. This can be attributed to their increasing population catering to the growth in vehicle sales and stringent government emission norms. For instance, the Chinese government is implementing China 6 norms for pollution control in the region which are stricter than previous China 5 norms and are based on EURO 6 norms, from July 2020, which results in supporting the demand for micro-hybrid vehicles in this region.

Customers who purchase electric and hybrid vehicles in China are eligible for various subsidies (tax breaks and incentives). The Chinese government also announced measures to help the new energy vehicle (NEV) industry, which has been hard hit by the COVID-19 outbreak, by extending tax breaks and subsidies that were set to expire in 2020 and hinting at new investments that could boost the country's hybrid electric vehicle market in the long run.

Vehicle manufacturers such as Toyota and Honda have dominated the hybrid vehicle segment in China, with their models such as Toyota Corolla Hybrid and Honda Accord Hybrid.

In 2021, approximately 603,000 plug-in hybrid vehicles were sold in China, a 140 percent increase over the previous year. Also, the demand for EVs and plug-in hybrids is expected to decrease widely as their subsidies are reduced. Also, electric vehicle battery manufacturers have been signing contracts or deals with other Chinese battery manufacturers due to the increasing sales of electric and hybrid vehicles.

For instance, in December 2022, GAC Group and China Southern Power Grid Technology Co., Ltd. (CSPGT) signed a strategic cooperation agreement for future collaboration in the energy eco-industrial chain. By focusing on constructing a new energy ecology and leveraging their respective strengths and proprietary technologies, the two parties will conduct business cooperatively in new energy storage, microgrid, and battery recycling.

Moreover, the Indian government has also announced that all the vehicles registered after April 1st of 2020, should be BS-VI

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compliant. However, due to the outbreak of COVID-19 in the country, dealerships and production facilities were shut down from mid-march, due to which large stock of BS-IV vehicles have been in the inventory. The government has given an extension. This will certainly boost the market post the end of the lockdown in the country.

Micro Hybrid Vehicles Market Competitor Analysis

The Micro-Hybrid Vehicle Market is dominated by various international and regional players such as Audi AG, BMW AG, DAIMLER AG, SUBARU, and General Motors. Although it has an edge over its competitors, the major automotive micro-hybrid vehicle companies are making joint ventures, and partnerships to launch newer products.

These vehicles are in their early stages, and advanced features such as keeping the air conditioning running while the engine is off and shutting off the engine while coasting are included. Rapid technological advancements are thus expected to boost the global micro-hybrid vehicle market growth during the forecast period.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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