

Automotive Tires Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 100 pages | Mordor Intelligence

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Report description:

The automotive tires market was valued at USD 105 billion in 2021, and it is anticipated to reach USD 115 billion by 2027, at a CAGR of more than 3% during the forecast period.

The COVID-19 pandemic had a significant effect on the automotive tires market directly in the short term as the production and sales of new vehicles witnessed a decline in 2020. Moreover, owing to restrictions, vehicle owners reduced the amount of driving resulting in delayed visits for maintenance or tire replacement. However, with the projected exponential increase in vehicle sales over the forecast period, the market is expected to be revived economically.

The growing focus on fuel economy, rising demand for convenience, and high maintenance or replacement costs of conventional tires are driving the growth of the automotive tires market. Another factor that is responsible for the growth of the industry is the adoption of cutting-edge manufacturing technology by OEMs to offer product differentiation through sustainability, durability, and affordability.

The demand for retreaded tires is increasing at a significant rate. The retreading of tires helps reduce the operating cost significantly in the aftermarket as it prevents the complete replacement of tires and is, thereby, a cost-effective option. The casings can help provide multiple life cycles, resulting in significant cost savings, especially for commercial fleet operators.

Tire makers are turning to green energy in their production as companies are working to achieve carbon neutrality by 2050, with investments in the direction of zero-carbon technology, energy efficiency, and green energy. For instance, in February 2021, Michelin Group announced that it is working toward making its tires 100% sustainable by 2050. For this, Michelin partnered with various organizations like Axens, IFP Energies Nouvelles, Pyrowave, Carbios, Enviro, and BlackCycle.

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Automotive Tires Market Trends

Increased Demand for High-performance Tires

The automotive high-performance tires market is expected to witness high growth during the forecast period. The growth is driven by numerous factors, such as the increasing inclination of people toward sports like car and bike racing and extreme terrain rallies. OEMs use these events as a platform to market their products and increase brand visibility. Increasing disposable income of customers living in emerging economies is leading to a growth in demand for higher-capacity vehicles such as SUVs and crossover vehicles. Rapid infrastructure development in developing economies, especially India and China, has caused a growth in sales of commercial vehicles and construction vehicles. The replacement and aftermarket tire market presents a huge opportunity for vehicle manufacturers to generate revenue. Customers are choosing high-performance tires over traditional rubber tires because rubber tires are subjected to wear and tear easily.

Europe has shown a strong demand for high-performance tires due to the presence of a large number of OEMs such as BMW, Volkswagen, Ferrari, Daimler, and Renault. These OEMs regularly participate in motorsports events held in the continent and showcase their new line of innovative products that cater to customers' need for safe, cleaner, and cost-effective vehicles and components.

Various major players in the market are investing in new products for high-performance tires. For instance, in March 2021, Versalis, Eni's chemical company, and Bridgestone EMIA signed a joint development agreement for the research, production, and supply of synthetic rubber and new elastomer grades, including styrene-butadiene rubber (SBR), for the production of high-performance tires.

Asia-Pacific is Expected to Grow at the Fastest Rate in the Market

The world's largest automotive market shrank for a third straight year as Chinese car sales declined by more than 6% in 2020. Automakers in China sold 19.29 million passenger vehicles in 2020. Whereas in April 2021, the China Association of Automobile Manufacturers (CAAM) announced that according to aggregated data of sales figures for major companies, cumulative sales from January to March reached 6.344 million units.

India is another major market in the region, with its passenger vehicle sales improving after the third quarter of the year, reaching 3,10,294 units in October 2020 compared to 2,71,737 units in the same month last year, a 14.19% growth. As per the Federation of Automobile Dealers Associations (FADA), passenger vehicle sales in November 2020 were 2,91,001 units compared to 2,79,365 units in November 2019, with a 4.17% growth.

According to the "2020 Domestic Demand for Automobile Tires" released by the Japan Automobile Tyre Manufacturers Association (JATMA), the sales of new automobile tires for vehicles in 2020 were 36,439,000 down, a 17% decrease year-to-year. The first half of 2020 was affected due to the influence of COVID-19; however, demand for new vehicle tires began to recover in the second half of the year due to strong new vehicle productions.

Major players in the region are introducing new tires to gain an advantage over their competitors. March 2021, Apollo Tires introduced Apterra Cross tires for the compact SUV segment in India. The Apterra Cross tires are an outcome of the company's research to understand the exact usage patterns of CSUV. The new range of tires is being launched in India, with plans to introduce it in the ASEAN and SAARC markets later.

Automotive Tires Market Competitor Analysis

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The global tires market is mid-level concentrated with major manufacturers like Michelin, Bridgestone, Pirelli, and others catering to the tire needs of both passenger cars and commercial vehicles. However, in the case of regional and highly concentrated Asian automotive markets like China, India, and Indonesia, the market is dominated by local tire manufacturers.

The demand for high-quality and safe tires was the main reason for the automakers and end-users to prefer products from renowned manufacturers over smaller regional players. Furthermore, these big players have increased their R&D spending exponentially to integrate innovation with performance excellence. This, in turn, has resulted in the production of premium quality tires for off-road and on-road applications.

Additional Benefits:

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

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