

School Bus Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 90 pages | Mordor Intelligence

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Report description:

The school bus market was valued at USD 3.95 billion in 2021, and it is expected to register at a CAGR of over 6.59% in terms of revenue in the next five years. The report also offers the market dynamics, latest trends, size, share, and industry overview.

Manufacturing shutdowns, lockdowns, and trade restrictions during the COVID-19 pandemic negatively affected the school bus industry. During the pandemic, schools were closed across the world, and the homeschooling model was followed by all the schools. This eliminated the need for new school buses since children studied from their homes and needed no transport to go to their schools. This impacted the school bus market massively, registering double-digit declines in 2020. Furthermore, the fall in automotive production and lack of labor significantly impacted the market. As automotive manufacturers resumed operations due to steadily rising automobile sales in countries with a limited number of COVID-19 cases, the market is likely to recover in the next few years. Furthermore, the manufacturers are implementing contingency plans to mitigate future business uncertainties to retain continuity with clients in the critical sectors of the automobile industry.

Over the long term, increasing investments in R&D by major industry players, a rise in sales of electric school buses, and increasing enrolment of children in schools have been creating demand in the automotive and transportation industry with a surge in sales of school buses.

Key players in the market are expanding their production capacity to cater to the increased demand for electro-hydraulic power steering systems. For instance,

Key Highlights

In May 2022, Thomas Built Buses, one of the largest school bus manufacturers in North America and a subsidiary of Daimler Truck North America, announced its plan to start an additional shift at its Saf-T-Liner C2 Plant in High Point, North Carolina, United States, adding new 250 jobs at the same manufacturing site.

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North America is predicted to be the largest market in the world for school buses due to the extensive and well-developed school system, where school buses are the most preferred mode of transport for going to school, and the presence of many school bus manufacturers.

Asia-Pacific is projected to be the second-largest market for school buses in the world because of the largest school-going children population in the world, the presence of large bus OEMs, and free school education schemes like Sarva Shiksha Abhiyan in India.

School Bus Market Trends

Growing Sales of Electric School Buses

Electromobility is gaining pace across the world due to the government incentives provided to the adoption of electromobility and sales of electric vehicles, rising oil prices, increasing pollution levels, growing environmental consciousness, lower operating costs than ICE mobility, and announcements by various major markets like Europe, China, and India to ban new sales of IC engine vehicles by 2035.

More than 95% of school buses worldwide run on fossil fuels, especially diesel. Numerous studies show that inhaling diesel exhaust causes respiratory diseases, which are seen widely in children, who are the main commuters. Replacing all the school buses only in the United States with electric buses would avoid an average of 5.3 million tons of greenhouse gas emissions each year.

Electric buses give out zero emissions, and their annual operating cost is almost half of a diesel bus. In Shenzhen, China, it is expected that the incentives for electric transit buses will also be extended to school buses, thus increasing their adoption. A few states in the United States, such as California and New York, and Quebec in Canada, are also testing and adopting electric buses, which is expected to drive the growth of the market. The state of California in the United States is at the forefront of the adoption of electric school buses. For instance,

November 2022: The state of California, in the United States, announced the investment of another USD 1.8 billion in the electrification of school buses in the state. The state has spent USD 1.2 billion on the electrification of school buses so far.

Electrification of school buses in Europe is also rising due to the announcement of the European Commission to ban the sales of IC engine vehicles in Europe from 2035. For instance,

December 2021: Five communes of Patecznica, Dziatoszyce, Krasnopol, Przedecz, and Troszyn in Poland ordered Solaris electric school buses since they received funds from National Fund for Environment and Water Management under the program "Kangaroo: A Safe and Environmentally Friendly Way to School" for purchasing electric school buses.

Thus electrification of school buses is anticipated to drive the growth of the school bus market.

North America to Play Key Role in the Development of the School Bus Market

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In major North American countries, school transport is very organized and has been active for many decades. Hence, the demand has been stable for the past few years and is expected to be similar for the next five years.

The market for school buses in North America is a consolidated one. The region is characterized by the presence of major school bus manufacturers who also cater to other countries. Blue Bird Corporation, IC Bus, and Thomas Built Buses Inc. are the three major players who are expected to occupy a major share of the market. Other major companies are Collins Bus Corporation, Micro Bird, and Lion Electric company. Moreover, companies are introducing new features in their products to increase their market share.

Canadian school buses are more or less similar to their US counterparts both in terms of design and usage by school systems. Buses are sometimes marketed to customers in Canada differently than in the United States. For instance, the Blue Bird All-American was rebadged as the Blue Bird TX3 in Canada. Micro Bird and Lion Electric Company are the major school bus manufacturers in Canada.

In Mexico, along with the yellow school buses, various other types of buses are used for student transport. Depending on capacity needs, vans and minibusses are also used. Mexico mainly imports used, and old school buses from the United States, but some newer ones are also imported and used for school services. The school bus market is still in the nascent stage in Mexico, with very few manufacturers having a production plant in the country.

The market is expected to be driven mainly by the new launches in the region by major electric school bus manufacturers. For instance,

In January 2022, BYD introduced its Type A electric school bus in the United States. The bus can seat 30 students at a time and can be equipped with an ADA (American Disability Act) liftgate capable of lifting up to 800 pounds and can travel 140 km on a single, full charge.

In May 2022, Greenpower Motor Co., based in Vancouver, British Columbia, Canada, unveiled a new Type A battery electric school bus named Nano BEAST (Battery Electric Automotive School Transportation) for the US market.

The market for school buses in Asia-Pacific and Europe is also expected to grow rapidly due to the growing demand for safe and secure transportation for school-going children, rising disposable incomes of parents in markets like China and India who now can afford school bus services for their children, rising sales of electric school buses in Europe, increasing enrolment of children in schools, and the presence of large bus manufacturers in these markets.

School Bus Market Competitor Analysis

The school bus market is moderately consolidated. The market is characterized by the presence of major global and local school bus manufacturers who also cater to other countries. The market is mainly dominated by players based in the United States, China, and India. These players also engage in joint ventures, mergers and acquisitions, new product launches, and product development to expand their brand portfolios and cement their market positions.

Some of the major players dominating the global market are Thomas Built Buses, Yutong Bus Co., Tata Motors Ltd, Ashok Leyland Ltd, and IC Bus. Key players are engaging in securing large orders as well as launching new products to secure their market position and stay ahead of the market curve. For instance,

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In April 2022, Lion Electric Company, a leading all-electric medium and heavy truck manufacturer, announced that it had received an order for 50 all-electric school buses of the LIONC segment for the province of Quebec.

In September 2022, Dwight School London introduced electric school bus services in partnership with the global smart bus transport company Zeelo. The initiative is expected to reduce the carbon emissions of Dwight School London by as high as 33% annually.

In May 2022, First Student introduced electric school buses in its network with the buses procured from Lion Electric Company. First Student aims to induct 250 electric school buses into its network eventually.

Additional Benefits:

The market estimate (ME) sheet in Excel format
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