

Asia-Pacific Commercial Vehicles Market - Growth, Trends, Covid-19 Impact, and Forecast (2023 - 2028)

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Report description:

Currently, the Asia-Pacific commercial vehicles market is valued at USD 425.05 billion, and it is expected to reach USD 516.51 billion in the next five years, registering a CAGR of around 4.01% during the forecast period.

The COVID-19 pandemic has hindered the growth of the Asia-pacific commercial vehicle market due to trade and travel restrictions imposed by the government in the region. Commercial vehicle sales have declined due to the outbreak of COVID-19 across the region. However, the regional commercial vehicle market is experiencing a shift post-COVID-19. This potential shift in consumer preferences has been diverted toward new vehicles.

Over the long term, factors like advancement in vehicle safety, the introduction of driver-assist systems in vehicles, and rapidly growing logistics in the retail and e-commerce sectors are expected to drive the demand for new and advanced commercial vehicles in the market. However, various mergers and acquisitions among the key players are also anticipated to drive the market.

Owing to government initiatives, India, China, and Japan are likely to hold a significant share of the market during the forecast period. Moreover, investments in developing electric trucks (e-trucks) and light commercial vehicles are likely to boost the growth of the market. The demand for LCVs is likely to increase, as the logistics and e-commerce industries are growing rapidly. Additionally, the rapid urbanization has created new retail and e-commerce platforms, which require efficient logistics, leading to the growth of the light commercial vehicles (LCV) market.

APAC Commercial Vehicle Market Trends

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Increasing Adoption of Commercial Vehicles to Enhance Growth of Market

China held the largest market share in commercial vehicle usage in 2021 by 35%, closely followed by Japan and India at 24% and 18%, respectively. Government policies, like the One Belt One Road initiative of China and the Linear Motor Car Project of Japan, are huge contributing factors for the commercial vehicles industry.

Rapid population and urbanization growth, developing infrastructure, and industrial expansion are the primary drivers of commercial vehicle growth in the Asia Pacific region. Furthermore, the region's growing e-commerce sector is contributing to market growth. For instance,

February, 2021, e-commerce giant, Amazon, announced a partnership with Mahindra Electric to deploy electric vehicles into its delivery network. Amazon aims to reach 10,000 EVs in fleet size by 2025.

Flipkart, in the same period, partnered with Hero Electric and Piaggio to achieve a 100% electric delivery fleet by 2030. These partnerships aim to improve the charging infrastructure and include more electric vehicles in the commercial vehicles sector in India.

Moreover, around 8 million vehicles were sold in the Asia-Pacific region in 2021. This was an increase from 2015 when the Asia-Pacific region sold approximately 7.3 million vehicles.

The shift in industrial production to Asia, particularly China, has increased trade routes, benefiting the logistics market and, in turn, commercial vehicles. Furthermore, rapid urbanisation has given rise to new retail and e-commerce platforms that necessitate efficient logistics, fueling the growth of the light commercial vehicle (LCV) market. Rapid urbanisation in ASEAN countries such as the Philippines, Thailand, Vietnam, and the rest of Asia-Pacific is expected to drive regional demand for light commercial vehicles. Moreover, growing electrification of the commercial vehicles and development in new technologies are also contributing to the growing market in the Asia Pacific. For instance,

November, 2022: Cummins Inc. and Tata Motors are collaborating to design and develop low and zero-emission propulsion technology solutions for commercial vehicles in India, including hydrogen-powered internal combustion engines, fuel cells, and battery electric vehicle systems.

China is Expected to Dominate the Market

The Asia-Pacific market is growing due to several infrastructure investments and construction projects in progress and announced for the future. These projects are expected to significantly increase the demand for heavy-duty transportation trucks for material transport across and inside several countries of the region. The increase in spending on several infrastructure development projects in countries in the Asia-Pacific region drives the market growth.

In China, major infrastructure projects will begin in early 2022 across multiple provinces, such as Southwest China's Chongqing and Chengdu cities announced plans to fund 160 projects totaling CNY 2 trillion (USD 314.1 billion), with modern infrastructure projects accounting for CNY 1.35 trillion (USD 193.8 billion) of that total. Additionally, 230 major projects in Fujian Province have begun construction, with a total investment of CNY 239.8 billion (USD 34.4 Billion). This includes 53 infrastructure projects totaling CNY 38.85 billion (USD 5.5 billion) in investment.

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China produced over two million light commercial vehicles in 2021. This represented a one percent increase year on year and a 9% increase over two years.

The Chinese e-commerce industry is continuously growing, driving the country's LCV industry. For instance, Local technology companies such as Alibaba Group, Tencent, and JD dominate the country's rapidly growing e-commerce ecosystem. During the coronavirus pandemic, China's e-commerce retail sales increased significantly. China's retail e-commerce sales were valued at around USD 2.64 trillion in 2021, representing a 14 percent year-on-year increase. According to projections, online retail sales in China will approach USD 4 trillion by 2026.

Light commercial vehicles are mostly used to transport goods over short distances. LCV demand is expected to rise as the logistics and e-commerce industries expand rapidly. Furthermore, rapid urbanization has created new retail and e-commerce platforms that necessitate efficient logistics, resulting in the expansion of the Light Commercial Vehicles (LCV) market.

Similarly, in March 2021, India announced INR 118,101 crores (USD 14.2 million) in investment into the country's infrastructure development. Numerous companies, such as Ashok Leyland and Tata Motors, have been developing and introducing their advanced commercial vehicles to different markets, which has supplemented the Asia-Pacific commercial vehicle market growth. Moreover, major players in the country are introducing new truck ranges in the domestic market. For instance,

March, 2021: Tata Motors unveiled its light commercial trucks (I&LCV) Ultra Sleek T-Series. All trucks are powered by the future-ready BS-VI 4SPCR engine, with a 100hp power and a torque rating of 300nm.

In comparison to several developed and developing countries around the world, the Asia-Pacific electric vehicle industry is still in its early stages. However, major corporations are working to develop electric commercial vehicles, which will aid market growth in the coming years.

APAC Commercial Vehicle Market Competitor Analysis

The Asia-Pacific commercial vehicle market is consolidated, with well-established global and regional players such as Toyota Motor Corporation, Isuzu, Mitsubishi Motor Corporation, Ford, and Hino Motors leading the way. These companies have extensive global and regional distribution networks. Product expansion facilities, expanding logistics, and e-commerce are likely to encourage regional market players. To maintain their market position, these companies employ strategies such as new product development, collaborations, and contracts and agreements. For instance,

September, 2022: Tata Motors introduced new generations of its commercial vehicles with design updates that will give the lineup new life and attract new customers. The company unveiled the K.14 Ultra, 710 SK, and 610 LPK scope of tippers. The K.14, the most expensive model in this line, has a seat that is mechanically suspended, an electric tipping switch, and a 3.3L engine with 9.0X20 tires.

Additional Benefits:

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

Table of Contents:

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1 INTRODUCTION

1.1 Study Assumptions

1.2 Scope of the Study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET DYNAMICS

4.1 Market Drivers

4.2 Market Challenges

4.3 Industry Attractiveness - Porter's Five Forces Analysis

4.3.1 Bargaining power of Buyers

4.3.2 Bargaining Power of Suppliers

4.3.3 Threat of New Entrants

4.3.4 Threat of Substitute Products

4.3.5 Intensity of Competitive Rivalry

5 MARKET SEGMENTATION (Market Size in Value and Volume)

5.1 By Vehicle Type

5.1.1 Light Commercial Vehicles

5.1.2 Medium-duty Commercial Vehicles

5.1.3 Heavy-duty Commercial Vehicles

5.2 By Powertrain Type

5.2.1 IC Engine Commercial Vehicles

5.2.2 Hybrid and Electric Commercial Vehicles

5.3 By Country

5.3.1 India

5.3.2 China

5.3.3 Japan

5.3.4 South Korea

5.3.5 Australia

5.3.6 Indonesia

5.3.7 Malaysia

5.3.8 Thailand

5.3.9 Singapore

5.3.10 Philippines

5.3.11 Rest of Asia-Pacific

6 COMPETITIVE LANDSCAPE

6.1 Vendor Market Share

6.2 Company Profiles

6.2.1 Isuzu Motors Ltd

6.2.2 Mitsubishi

6.2.3 Honda Motor Company

6.2.4 Daihatsu Motor Co. Ltd

6.2.5 Ford Motor Company

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- 6.2.6 Toyota Motor Corporation
- 6.2.7 Scania
- 6.2.8 Hyundai Motor Company
- 6.2.9 Fiat Chrysler Automobiles
- 6.2.10 BYD Co. Ltd
- 6.2.11 Dongfeng Motor Corporation
- 6.2.12 Hino Motor Ltd
- 6.2.13 Tata Motors
- 6.2.14 Mahindra & Mahindra

7 MARKET OPPORTUNITIES AND FUTURE TRENDS

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