

Testing, Inspection, and Certification Market For The Automotive Industry - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The automotive industry's testing, inspection, and certification market are expected to grow by registering a CAGR of about 5.9% during the forecast period. The increasing automobile production, the growing number of government-imposed policies regarding safety and environmental standards in the automotive industry, and increasing awareness among consumers regarding safety and product quality are among the leading factors driving the growth of the market studied.

Key Highlights

Testing, inspection, and certification services are essential in the automotive industry. These services improve the standard of the manufacturing process by testing, inspecting, and certifying the design, individual components, and the end-product in compliance with the local or global industry regulations, helping the automotive manufacturers ensure that the products manufactured conform in terms of quality, reliability, and safe.

With the demand for automobiles (passenger and commercial) increasing, the market studied is expected to witness upward growth globally. According to the European Automobile Manufacturers Association (ACEA), about 79.1 million motor vehicles were produced globally in 2021, an increase of 1.3% compared to 2020.

In recent years, awareness about vehicle safety has caught the attention of both consumers and regulatory authorities. Several regulations are being framed across various countries to ensure the vehicles produced have excellent safety features, driving the demand for TIC services. For instance, in July 2022, the European Union unveiled its latest General Safety Regulation (GSR), which sets out the latest safety technologies and stricter new crash regulations that must be included as standard in new vehicle types. Furthermore, the increasing adoption of Electric and other alternative fuel vehicles, such as hybrid and hydrogen-fueled vehicles, is expected to drive the demand for new testing and inspection techniques and certifications.

However, the automotive TIC is usually a lengthy procedure, as the automobiles must undergo several tests and inspection procedures before getting approved by an inspection team/agency. Furthermore, in the case of exports, manufacturers have to

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undergo additional operations to ensure the vehicle complies with the standards specified for the target country. All this is a time-consuming process that often delays the final launch and sometimes the overall cost of the vehicle if any major defect is identified.

The automotive industry was among the highly impacted industries due to the global outbreak of COVID-19. The widespread lockdown imposed across most of the world significantly disrupted the automotive industry's supply chain. On the demand side, the industry also suffered as travel restrictions forced people to stay home. These factors combined have had a similar impact on the demand for TIC services, and less production of vehicles reduced their demand.

Automotive Industry Testing, Inspection, & Certification Market Trends

Growing Demand for Enhanced Safety and Comfort to Drive the Growth

Over the years, the automotive industry has witnessed a significant evolution in technology, emission norms, and regulations, with new technologies and in-vehicle comfort features increasingly finding their place. All these changes have had a notable impact on the demand for TIC services, as any new feature or change in vehicle design must be tested before being incorporated into the final product.

The industry is going through another significant technological transformation, with AI, human-machine interface, machine learning, and IoT-based software solutions increasingly making their place across the automotive industry value chain. The TIC industry also needs to develop new testing methods, set new industry standards, and launch new certifications to ensure the new features only enhance the vehicle safety and overall driving experience of the users.

Various industry stakeholders are already taking the initiative in this direction. For instance, in November 2021, Keysight Technologies Inc., a leading technology company, launched a new automotive serializer/deserializer (SerDes) transmit and channel test applications and an automotive adapter portfolio to test advanced infotainment and driver Assistance systems. Although the pandemic has hurt the growth of the automotive industry, the growing demand is expected to help the automotive industry recover. For instance, according to OICA, the global sales of passenger cars increased to 56.4 million in 2021 from 53.92 million in 2020. With the production of automobiles increasing, especially in emerging economies, and the awareness about safety features among consumers growing significantly, such trends are expected to play a prominent role in the growth of the TIC services market.

Asia-Pacific to Become the Major Demand Driver

The Asia-Pacific region's automotive industry has witnessed tremendous growth in the last few decades. The economic development of countries such as China, India, Bangladesh, Taiwan, etc., has significantly driven the demand, especially for passenger vehicles. According to the China Association of Automobile Manufacturers (CAAM), in 2021, about 21,390 passenger cars were sold in China alone.

Although the industry regulations primarily related to vehicle safety and emission were weak compared to developed countries, recent years have witnessed a turnaround as factors such as increased road accidents and level of vehicle pollution. Growing consumer awareness has encouraged regulatory authorities and vehicle manufacturers to frame new regulations and include new safety and convenience features in automobiles. For instance, in June 2022, the Indian government confirmed the rollout of the Bharat NCAP program, which is designed to provide a fair, meaningful, and objective assessment of the crash safety performance of cars based on standard laboratory tests as per AIS 197, from April 2023.

With the increasing number of regulations being framed and new features being adopted in automobiles, the number of testing, inspection, and certifications is also expected to grow, thereby augmenting the market growth.

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The increasing demand for TIC solutions encourages more players to enter the Asia-Pacific automotive industry. Furthermore, more partnerships, mergers, and acquisitions are also being reported across the region. For instance, in July 2021, NATRAX, one of the leading automotive test centers under the National Automotive Testing and R&D Infrastructures project (NATRiP), announced a partnership with Siemens Digital Industries Software to support world-class vehicle testing activities.

Automotive Industry Testing, Inspection, & Certification Market Competitor Analysis

The automotive industry testing, inspection, and certification market has several players. With the growing demand for automobiles, an increasing number of new players are also entering the market, driving the market competition. Established market players focus on further expanding their market presence and service portfolio, establishing partnerships, and making acquisitions to consolidate their market presence further. Some major players operating in the market include Bureau Veritas, TUV SUD, Intertek Group PLC, and SGS SA, among others.

September 2022 - Mcity, an operator of purpose-built test environments for connected and autonomous vehicles (AVs), announced that it would invest USD 5.1 million from the National Science Foundation to support the facility's evolution into a test track. Expanding its physical testing environment, virtual reality software, and real-world datasets will enable the company to provide tailor-made simulation scenarios for AV software testing.

August 2022 - TUV SUD recognized the CATARC Europe Testing and Certification GmbH as a qualified E-Mark testing laboratory. China Automotive Technology and Research Center Co. Ltd (CATARC) is China's largest government-level automotive research center. The recognition enables CATARC to provide car manufacturers and suppliers with efficient access to various markets.

Additional Benefits:

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

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