

Asia-Pacific Connected Cars - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Asia-Pacific Connected Cars Market is valued at USD 30.42 billion in the current year and is anticipated to reach a net valuation of USD 66.01 billion within the next five years, registering a CAGR of 16.76% over the forecast period.

Over the long term, increasing investments in R&D by major industry players, preference by new young car buyers for connectivity features, rise in adoption of smartphones, an increase in sales of electric and autonomous vehicles, as well as rising internet connectivity and falling data prices are driving demand for connected cars market across the Asia-Pacific region. Enhancement of network infrastructure in countries such as China and India to develop their 5G connectivity ecosystem is complementing various auto manufacturers to integrate this space and offer advanced vehicle models to consumers. It helps them access real-time information on vehicle performance, door locking/unlocking through smartphones and a range of other features.

Key players in the market are expanding their investments and entering into tie-ups with telecom companies to cater to the increased demand for connected cars. For instance, in May 2023, MediaTek, a Taiwanese-based semiconductor company, announced its partnership with NVIDIA to design an automotive solution for intelligent and connected vehicles with the integration of artificial intelligence and accelerated computing. In August 2022, SAIC Motor and OPPO entered into a joint venture to create a software platform for cross-integration between cars and smartphones. In March 2022, Chinese state-owned SAIC Motor announced to invest USD 43 billion into advanced automotive technologies, including connected automotive solutions, over the next five years.

The connected cars market in the Asia-Pacific region will witness surging growth during the forecast period, owing to the consumers' increasing preference towards availing of services that give real-time information about vehicle health, traffic

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conditions, weather conditions, etc. Coupled with that, rising internet penetration, the advent of 5G, and the proliferation of low-cost smart devices are further anticipated to bolster the demand for connected cars market across the Asia-Pacific region.

Asia-Pacific Connected Cars Market Trends

Integrated Navigation System to gain significant Traction in the coming years

The navigation segment in the connected cars market is expected to showcase surging growth due to the extensive use of GPS systems by drivers. They use it for route finding and route planning services in congested cities like Shanghai, Tokyo, Mumbai, Jakarta, Bangkok, and Seoul to avoid traffic jams and get to their destinations quickly. For instance, Bengaluru in India is ranked as the second most congested in the world as of 2022, with drivers spending nearly 260 hours a year in traffic rush.

Further, it is estimated that the average daily traffic volume on national highways in South Korea expanded at a CAGR of 0.6% between 2018-2022. Therefore, accessing real-time information becomes extremely necessary for consumers to save driving time and enhance their driving experience. It is solved by the integration of navigation systems in vehicles.

Moreover, increasing government support and enhancement of the network capability of countries across the Asia-Pacific region is further aiding the demand for integrated navigation systems in vehicles. The Chinese Ministry of Industry and Information is actively encouraging carmakers to adopt the domestically developed Beidou satellite navigation system in their connected cars. Thus, many car manufacturers are launching new models with built-in connectivity features to tap into the incremental growth opportunities in the market. For instance,

- In March 2023, Chinese electric vehicle manufacturer Xpeng announced the launch of its advanced driver assistance system (ADAS), which is similar to Tesla's full self-driving (FSD) software. It enables its cars to navigate their way automatically on city streets. The newly developed X NGP (navigation-guided pilot) software can be fitted in G9 Max and P7i Max models in Guangzhou, Shenzhen, and Shanghai.
- In August 2022, Toyota launched the new generation of Sienta in Japan. It comes with a suite of optional T-Connectivity services like destination services and route settings.

The increasing smartphone penetration rate across countries such as India and China is positively contributing to the growth of the navigation segment of the connected cars market. It is because certain vehicle model allows the on-screen display of routes, which is connected via smartphone. It helps in enhancing customers' convenience in locating nearby shops, petrol stations, malls, and other places. Therefore, the integration of navigation systems is anticipated to become a requirement of consumers willing to purchase connected cars, thereby positively impacting the growth of this segment during the forecast period.

China to dominate the Asia-Pacific Connected Cars Market during the forecast period

The increasing urbanization rate, growing population, and rising per capita disposable income of consumers across China serve as major determinants for the growth of the connected cars market in these countries. According to the World Bank, the urbanization rate in China stood at 64% in 2022, a substantial increase from 2018, when the urbanization rate stood at only 59%. Further, it is estimated that the per capita disposable income in China stood at CNY 36,883 (USD 5,046) in 2022, representing a nominal increase of 5% compared to 2021 and a real increase of 2.9% after deducting price factors. As more consumers migrate to urban cities for better employment and financial opportunities, there exists a greater demand for private transportation medium. Along with that, the increasing personal disposable income of consumers leads to enhancing the demand for advanced vehicles in the market, such as connected cars.

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Moreover, enhancement in 5G technology and rapid investment in developing an efficient cloud network infrastructure are further fuelling the demand for connected cars in China.

- It is estimated that as of March 2023, China is successful in building 2.31 million 5G base stations covering all prefecture-level cities, counties, and urban areas nationwide.

Since connected cars rely heavily on fast internet and cloud services, China's aggressive strategy to expand the 5G network is assisting domestic auto manufacturers in the country. It is to utilize this opportunity and launch advanced connected cars in the market, which relies heavily on network connectivity.

The connected cars market is expected to significantly expand during the forecast period with increasing government support to promote the usage of connected vehicles.

- For instance, in September 2022, the General Office of Shanghai Municipal People's Government in China issued an implementation plan to accelerate the development of connected cars in Shanghai. According to the plan, the city of Shanghai will build an efficient development system for intelligent connected vehicles (ICVs) by 2025. It enables the ICV industrial scale to reach CNY 500 billion (USD 68 billion) in the next two years.

Rapid advancement in technology, integration of artificial intelligence and telematics in connected cars, and governments increasing support will positively contribute to the growth of the connected cars market during the forecast period.

Asia-Pacific Connected Cars Industry Overview

The Asia-Pacific Connected Cars Market is moderately fragmented and highly competitive, with the presence of various domestic and international players operating in the market. The market is characterized by the presence of considerably large players as well as new technology startups. Some of the major players operating in the market include Continental AG, Hyundai Motor Group, Robert Bosch GmbH, ZF Friedrichshafen, Aptiv PLC, Denso Corporation, SAIC Motor Corporation, and NXP Semiconductors, among others. These players actively engage in joint ventures, mergers and acquisitions, new product launches, and product development to expand their brand portfolios and cement their market positions.

- In December 2022, Tata Motor, an India-based automotive manufacturer, announced that it would showcase new developments in the fields of connected car technology, advanced driver assistance system (ADAS), and hydrogen as a fuel alternative at the Auto Expo 2023.

- In September 2022, Changan Automobile launched a new brand 'Zhuge Intelligence' which will offer four vehicle connectivity services: navigation, cruise control, parking detection, and escort. The company also unveiled CD701 Prototype, its first vehicle built on its new SDA platform.

- In March 2022, Hyundai inaugurated its first manufacturing facility in ASEAN located at Cikarang in Indonesia, with an investment of USD 1.55 billion and an annual capacity of 250,000 units. The facility will produce new models like Creta, Santa Fe, Tucson, Stargazer, and IONIQ 5, which will be equipped with the latest connectivity features.

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The market is anticipated to witness the launch of advanced connectivity technology features in the coming years. It is because the companies operating in this space are trying to gain a competitive edge with the diversification of their product portfolio across the Asia-Pacific region.

Additional Benefits:

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

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