

Automotive Green Tires - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Automotive Green Tires Market size is estimated at USD 120.46 billion in 2024, and is expected to reach USD 203.16 billion by 2029, growing at a CAGR of 11.02% during the forecast period (2024-2029).

Key Highlights

- The COVID-19 pandemic hindered the growth of automotive green tires owing to declined vehicle production and the shutdown of manufacturing units due to lockdowns and restrictions imposed by the government. Furthermore, supply chain disruptions and trade restrictions created chaos in the market, making tire assembly and its supply to major OEMs more complex than expected. However, as manufacturers started taking necessary measures to mitigate such future risks and as restrictions eased, the demand in the market started picking up pace and is expected to continue over the forecast period.
- Over the medium term, rising electric car sales have been cited as a key element driving demand for green tires. These green tires provide 20% less low rolling resistance, increasing total vehicle efficiency. This has been recognized as a primary solution for electric car manufacturers who are experiencing issues with limited range and green tires; they may see longer-range electric vehicles as a result of the improved efficiency supplied by them.
- Silica aids in the reduction of rolling resistance or the energy lost as the tire deforms against the road. Energy conservation improves fuel efficiency. Rolling resistance accounts for 10-15% of fuel consumption in passenger cars but can account for up to 30% of fuel consumption in heavy trucks. While low rolling resistance tires may only cut this by 2 to 3%, fuel savings still assist the environment.
- Asia-Pacific is anticipated to drive the demand for green tires owing to the increased penetration of electric vehicles across South Asian countries, China, Japan, etc. Further, shifting consumer preferences and rising sales of the passenger car segment across the region fuel the demand for green tires. In the wake of these factors, tire manufacturers are seen switching towards green tire, which is available as original equipment (OE), and even gets retrofit to lower the rolling resistance to improve fuel economy and

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reduce CO2 emission.

Automotive Green Tires Market Trends

Electric Vehicle Sales is Likely to Drive the Market Growth

- Global sales of electric cars increased by around 55.5% in 2022 when compared to the year 2021, surpassing 10 million for the first time, even though car sales broadly were soft last year. As a result, one in every seven passenger cars bought globally in 2022 was an EV, according to the International Energy Agency (IEA). With growing automobile sales, especially electric vehicles, the demand for these automotive green tires through the OEM sales channel is expected to grow significantly during the forecast period. OEMs deliver quick access to products through their global distribution network and ensure product quality and support services with a warranty, which signifies higher product life.
- Remarkable changes have been made to other aspects of the auto industry due to the rise of electric automobiles. The focus on creating components for electric automobiles other than electric powertrains had shifted due to the requirement for greater efficiency. With an emphasis on efficiency and range, prominent electric car manufacturers are working with tire manufacturers.
- In April 2022, Mercedes-Benz announced an exciting development partnership with Bridgestone Corporation for the manufacturing of tires intended for their futuristic electric vehicle, the Mercedes-Benz Vision EQXX. This collaboration aims to design highly efficient custom Turanza Eco tires for Mercedes EVs, with the goal of extending the driving range to an impressive 1,000 km. Bridgestone will work closely with the original equipment manufacturer (OEM) to achieve this milestone.
- To achieve increased efficiency, Bridgestone has incorporated its lightweight ENLITEN technology into the tire design. This innovative technology reduces rolling resistance, resulting in improved energy efficiency, and also contributes to a 20% reduction in tire weight.
- In December 2021, the Goodyear Tire & Rubber Company introduced the new ElectricDrive GT. This tire model features Goodyear's SoundComfort Technology, which acts as an integrated sound barrier to minimize road noise effectively. It has been optimized specifically for electric vehicles and is compatible with popular models like the Tesla Model.
- Moreover, the increasing trend for SUV culture globally, owing to its comfort in longer journeys, has attracted consumer preferences. Thus, tire manufacturers also aim to target the SUV segment to offer OEM better and reliable tire solutions.
- For instance, in February 2022, Yokohama announced that it would supply its Geolandar X-CV tires to OEM Toyota's latest Lexus LX SUV. The tires are designed as highway terrain tires for high-performance SUVs to deliver maneuverability and high-speed performance characteristics. In addition, the tires would add high-performance standards, including lower rolling resistance in Toyota's upcoming Lexus LXs.
- Governments of various countries are coming up with various stringent regulations for vehicles and vehicle manufacturers. As a result, tire manufacturers adopt environment-friendly raw materials without compromising on lighter tires, significantly reducing vehicle weight and providing higher fuel efficiency and less consumption. All advantages of green tires will propel the demand for green tires in the market.
- Minimizing carbon emissions is one of the utmost priorities of countries across the globe. In the wake of this, prominent countries are framing regulations to reduce carbon emissions. For instance, in June 2022, The Bureau of Energy Efficiency, India, launched the Star Labeling Program for tires, similar to the rating we often see for electrical appliances. The tire rating gives information about rolling resistance and possible fuel economy.
- Considering the developments between OEM and tire manufacturers, demand for OEM tires is expected to remain positive during the forecast period.

Asia-Pacific is dominating the Automotive Green Tire Market

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- Based on geography, Asia-Pacific holds a significant market share in revenue in 2021 and is projected to grow during the forecast period. The major presence of vehicle manufacturers across the region may likely create lucrative market opportunities. In terms of country, China is dominating the automotive green tire market in Asia-Pacific.
- The China government of China has introduced many incentive plans to bolster auto sales and has also offered subsidies for the purchase of electric vehicles to encourage the expansion of the automotive industry in the country.
- For instance, according to the China Association of Automobile Manufacturers (CAAM), In 2021, approximately 505,000 busses and 4.3 million trucks were sold in China. This represented a 13% increase in bus sales compared to the previous year. Further, a remarkable 30% of new automobiles sold in the nation in 2022 were electric vehicles, and 22% of those were battery-electric vehicles.
- By 2030, China wants 40 percent of all new cars sold there to be electric vehicles, which means a lot more cars will need charging infrastructure. Owing to increased sales of EVs country has planned to establish charging infrastructure to meet the needs of more than 20 million EV cars.
- India is actively engaging in extensive research and development initiatives aimed at creating innovative products that are expected to significantly boost the growth of the target market in the foreseeable future. A noteworthy example of this progress is India's leading automaker, Maruti Suzuki, which has officially announced its plans to launch its inaugural electric vehicle no later than the end of 2025. This strategic move demonstrates India's commitment to embracing sustainable and eco-friendly transportation solutions. Furthermore, Maruti Suzuki's parent company, Suzuki Motor Corporation, is set to play a crucial role in this transformation by investing a substantial amount of Rs 10,400 crore in the state of Gujarat.
- Increasing environmental concerns about fuel emissions and safety will also provide potential opportunities for players and encourages them to stick to the regulations and conduct several research activities to attract consumers who prefer eco-friendly products.
- For instance, in July 2022, Michelin became the first tire brand in the passenger vehicle segment in India to be accredited with the newly introduced star labeling program by the Government of India. Michelin India is one of the first brands to register for both commercial vehicle and passenger car segments and was subsequently awarded India's first five-star rating for Michelin Latitude Sport 3 and Pilot Sport 4 SUV tires.
- The prominent tire manufacturers operating in the region are adopting various growth strategies, such as expansion, mergers, acquisitions, collaborations, partnerships, etc., to realign their position in the market as part of their growth strategies over the forecast period.
- For instance, in May 2022, Bridgestone Corporation, Sumitomo Rubber, and Yokohama Rubber announced that they would supply their tires as original equipment for the bZ4X electric vehicle (EV) launched by Toyota Motor Corporation. Bridgestone will supply the Alenza 001 and Turanza EL450 tires. The Alenza 001 is expected to be fitted on the bZ4X designed for the Japanese, European, and Asian markets.
- In January 2022, the Council for the Development of Cambodia (CDC) approved two new investment projects with a total capital of USD 303 million in the Rattanakiri and Preah Sihanouk provinces this week. One of the newly approved projects belongs to General Intelligence (Cambodia) Co. Ltd in Sihanoukville Special Economic Zone, Preah Sihanouk province. The firm plans to inject USD 297 million into producing all kinds of vehicle tires.
- Further, the high production of polyester, an increasing supply of raw materials, and a well-established distribution channel in the region are expected to drive revenue growth in the market. Thus, considering such developments and trends in the market, Asia-Pacific automotive green tires market to have moderate growth during the forecast period.

Automotive Green Tires Industry Overview

The Automotive green tires market is dominated by players such as Michelin, Bridgestone, Continental, Goodyear Tire & Rubber Company, Pirelli & C. SpA, and many others.

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Such few players hold a major share of the market and invest in their production capabilities to develop sustainable tire materials. Automotive green tire manufacturers are constantly investing in product innovation, research and development, mergers & acquisitions, and geographic expansion to attain a competitive edge in the market.

For instance, in May 2022, Pirelli invested USD 15 million over two years to build an advanced technology and digitalization center next to its plant in Silao, Mexico. It will produce tires for the future's more electric, sustainable, and connected vehicles.

In April 2022, Bridgestone announced that Mercedes-Benz AG had selected it as the development partner for tires for the Mercedes-Benz VISION EQXX. Bridgestone engineers collaborated with Mercedes-Benz to create custom-designed tires that have increased the vehicle's efficiency and a real-world driving range of 1,000km on a single charge.

In April 2022, Linglong Tire announced that it had signed a comprehensive strategic cooperation agreement with Taiyuan Clean Tire Environmental Protection Technology Co. Ltd (Clean Tire). Linglong Tire and Clean Tire will jointly select a suitable area to build a waste tire recycling plant, accelerate the realization of unified distribution and management, and build a comprehensive industrial chain of tire research and development, manufacturing, retreading, and recycling throughout the life cycle of tires.

In February 2022, Bridgestone Corporation and ENEOS Corporation jointly launched a research and development project. Both companies are expected to jointly develop chemical recycling technologies for used tires by merging the advanced rubber and polymer material design technologies Bridgestone has cultivated through its tire and rubber business with the crude oil refining technologies and foundational basic chemical product manufacturing technologies of ENEOS.

In January 2022, Michelin and Hyundai Motor signed a memorandum of understanding (MoU) to develop next-generation tires optimized for premium electric vehicles (EVs). Both companies will jointly develop eco-friendly tires with increased use of eco-friendly materials.

In January 2022, Yokohama Rubber Co. Ltd formed a joint venture with YHI International Limited (YHI), the official distributor of Yokohama tires in Southeast Asia, to form Yokohama Tire Sales Malaysia Sdn Bhd.

In October 2021, Bridgestone inaugurated the expansion project of its tire manufacturing plant, located in Cuernavaca, Mexico, with which it will increase its production by 15% annually. Bridgestone Mexico invested more than USD 100 million in this expansion project, which includes the construction of more than 18,000 square meters of buildings, new service facilities and facilities for its employees, and the installation of state-of-the-art machinery.

Additional Benefits:

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

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