

Commercial Vehicles - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2018 - 2029

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Report description:

The Commercial Vehicles Market size is estimated at USD 247.48 billion in 2024, and is expected to reach USD 410.67 billion by 2029, growing at a CAGR of 10.66% during the forecast period (2024-2029).

Key Highlights

- The impact of COVID-19 on the commercial vehicle market was unavoidable as it affected almost every other industry. Several vehicle manufacturing industries were shut down due to the pandemic, which resulted in a decline in the production of commercial vehicles. However, commercial vehicles witnessed a swift recovery from the impact, and the vehicles are expected to witness significant growth during the forecast period, primarily attributed to government support and growth in the adoption of commercial vehicles during the forecast period.
- Over the medium term, Factors like increasing regulations on vehicle emissions, advancement in vehicle safety, the introduction of driver-assist systems in vehicles, and rapidly growing logistics in the retail and e-commerce sectors have been significantly driving the demand for new and advanced commercial vehicles in the market.
- The demand for light commercial vehicles is likely to increase as the logistics and e-commerce industries are growing rapidly. Additionally, 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.
- Increased demand for fuel-efficient, high-performance, and low-emission vehicles, coupled with increasingly strict laws and regulations on vehicle emissions, as well as declining battery costs and rising fuel prices, all contribute to the increased demand for commercial vehicle growth.
- The market is growing because of developments in battery technology and the usage of extensively in providing the most up-to-date features to their products, cutting-edge technologies like advanced driver-assistance systems (ADAS), artificial intelligence (AI), Internet-of-Things (IoT), and others. Major companies invest in enhancing original equipment manufacturer (OEM)

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rivalry and assisting the market's growth. Many countries are attempting to adopt electric mobility, but charging infrastructure remains a significant concern as new vehicles enter the market.

Commercial Vehicles Market Trends

Increasing adoption of electric Commercial Vehicles for mass transit

- Fuel constitutes a major part of the operating cost of any vehicle. With the increasing costs of fuel, using an electric bus for public transport reduces not only the fuel cost but also other upfront costs and the total cost of ownership. By 2030, the prices for electric buses are expected to come down to that of diesel fuel buses. Electric buses help reduce 81-83% of the maintenance and operating costs compared to a diesel-engine bus.
- The rise in general awareness about air pollution, climate change, and, most importantly, the increasing diesel prices over the years are some of the reasons that incentivize most state and city transport authorities to increasingly accommodate clean public transport solutions in their regional development plans. Electric buses offer more comfort to travelers compared to gasoline or diesel buses. The NVH levels in electric buses are minimal, unlike traditional diesel buses, providing enhanced comfort to passengers.
- The e-bus market has the potential to fill the voids that exist in the public transport system. By reducing expenses related to operation and maintenance and also cutting down hidden costs linked to public health and the environment, mass electrification of public buses would not only let the concerned stakeholders reap huge benefits but also help strike a balance of providing returns between the service providers and the service users over the long run.
- With strong government thrust for EV transition, the public transport authorities and the e-bus suppliers are encouraged to drive the market growth on the back of proper regulatory framework and the market mechanism.
- Moreover, the upfront costs of electric buses are more than the diesel counterparts across all length-based categories. However, a comparison of the Total Cost of Ownership (TCO) between diesel and electric buses reveals that electric buses make more economic sense. Several private and public bus operators have started the adoption of electric buses for mass transit across the world, which is driving the demand for electric buses.
- Although the United States has fewer electric buses in the country, in the past few years, there has been an increase in cities and universities acquiring fleets of electric buses. With California being the most dynamic state on adoption, it adopted a new rule that can be followed by many other states-the Innovative Clean Transit Rule (ICTR). From 2023, 25% of new buses purchased must be zero emission. In 2029, 100% of orders from California transport agencies. California's goal is to convert its 12,000 city buses to 100% electric by 2040.
- The demand for electric vehicles increased due to the increasing freight, logistics, and construction activities across the country. Other factors, such as stringent emissions regulations, electrification, alternative fuels, driver shortage, autonomous vehicles, and last-mile delivery, are expected to fuel the growth of electric trucks over the forecast period.
- Several commercial vehicle manufacturers are introducing new electric commercial vehicles in India, which in turn is likely to witness major growth for the market during the forecast period. For instance, in October 2022, PMI Electro Mobility, a leading manufacturer of electric buses in India, announced the launch of a range of small electric commercial vehicles to cater to the growing demand from e-commerce industries for last-mile delivery vehicles.
- Considering these strong developments and ongoing initiatives by automakers and the government, demand for electric commercial vehicles in India is expected to portray a strong growth rate during the forecast period.

Asia-Pacific is dominating the Market

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- Asia-Pacific is witnessing rapid urbanization, which in turn is expected to be a factor in the increase in the demand for light, medium, and heavy commercial vehicles in the region. The rapid expansion of e-commerce and logistics industries across the country is likely to increase the demand for commercial vehicles during the forecast period.
- Several E-commerce companies and commercial vehicle manufacturers across the country are partnering to transport goods, which in turn is anticipated to boost the market during the forecast period.
- For instance, in May 2022, Tata Motors Limited launched the all-new Ace EV, the electric version of the ever-popular ACE. The company partnered with an e-commerce company and logistics service providers such as Amazon, BigBasket, City Link, DOT, Flipkart, LetsTransport, MoEving, and Yelo EV. Through this partnership, the company will deliver 39,000 units of new ACE electric vehicles (EVs) to e-commerce and logistics service providers in India.
- In 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.
- Governments of several countries are investing in new construction and development activities. China's One Belt, One Road initiative may aid in infrastructural development, such as railways, buildings, and energy projects, stretching from China's western regions. This creates a huge opportunity for construction material and equipment movement across the country. Japan's Linear Motor Car Project is a maglev bullet train proposed to cover 285.6 kilometers in 67 minutes and is being built at a rapid pace with an expected opening in 2027.
- According to the data of the Federation of Automobile Dealers Associations (FADA), in March 2021, the sales of commercial vehicles were down by 42.2%, to 67,372 units, against 116,559 units in March 2020.
- Moreover, major players in the country are introducing new truck ranges in the domestic market. For instance, in 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.
- The growing government regulations improving electric vehicle adoption and robust expansion adopted by OEMs and suppliers in the region to accommodate rising demand from the automotive industry in China are expected to create a positive outlook for market growth during the forecast period. For instance,
- The government of China is encouraging people to adopt electric vehicles. The country has already made plans to phase out diesel fuel, which runs the current generation of tractors and construction equipment. The country is planning to completely ban diesel and petrol vehicles by 2040.
- The above-mentioned development across the region is likely to enhance the demand for commercial vehicles during the forecast period.

Commercial Vehicles Industry Overview

The Global Commercial Vehicles Market is dominated by several key players such as Tata Motors Ltd., Paccar Inc., Toyota Motor Corporation, AB Volvo, Scania AB, and Others. The growing expansion of manufacturing facilities across the globe is likely to witness major growth for the market during the forecast period.

For instance, in December 2022, Tata Motors announced that Bengaluru Metropolitan Transport Corporation (BMTCL) had signed a definitive agreement with its fully owned subsidiary, TML Smart City Mobility Solutions Ltd., for the operation of 921 electric buses in the city of Bengaluru.

In August 2022, Mahindra & Mahindra Ltd. (M&M) and the Volkswagen Group made a significant announcement to strengthen their collaboration. The two companies signed a term sheet to expand their cooperation, specifically focusing on the supply of MEB electric components for Mahindra's innovative electric platform called INGLO.

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In March 2022, a momentous collaboration was formed as the TRATON GROUP, Daimler Truck, and Volvo Group, three prominent commercial vehicle manufacturers, joined forces. They entered into a binding agreement to establish a groundbreaking joint venture (JV) with the aim of developing and operating an advanced public charging network tailored specifically for battery electric, heavy-duty long-haul trucks, and coaches throughout Europe.

As previously communicated, the parties are committed to initiating and accelerating the necessary build-up of charging infrastructure for the increasing number of customers of electric vehicles in Europe and contributing to climate-neutral transportation in Europe by 2050.

In December 2021, Rivian expanded its manufacturing operations, locating its second United States plant in the state of Georgia. A carbon-conscious campus is planned east of Atlanta, in Morgan and Walton Counties. The project represents a USD 5 billion site development and manufacturing investment.

In September 2021, Tata Motors announced its plans to invest over USD 1 billion, or an amount exceeding Rs 7,500 crore over the next 4-5 years, to recreate its roadmap for the commercial vehicle business, a major part of which comprises electric vehicles. Especially buses.

Additional Benefits:

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

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