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Europe Automotive Diagnostics Tool - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 100 pages | Mordor Intelligence

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Report description:

The Europe Automotive Diagnostics Tool Market size is estimated at USD 6.31 billion in 2024, and is expected to reach USD 8.23 billion by 2029, growing at a CAGR of 5.45% during the forecast period (2024-2029).

Key Highlights
-The COVID-19 pandemic initially hurt the market as continuous lockdowns and shutdowns of manufacturing units resulted in reduced vehicle usage and a decline in transportation activities, reducing diagnostic tool usage. However, growing digitalization and the latest technologies encouraged initial tool designing and proposals to be carried out remotely with the tools available currently because of the shutdown of actual fabrication stations due to the social distancing norms, stringent lockdown, and travel restrictions.
-Over the medium term, Favorable government policies across regions mandating the utilization of OBD and growing awareness of the benefits offered by the diagnostic tools are expected to drive demand in the market. Moreover, the trend of integrating innovative features into vehicles due to rising security concerns among end-users and growing complexity in connected cars is expected to further augment market growth during the forecast period.
-On-board diagnostics (OBD) were used to monitor the initial electronic systems in the vehicle, like electronic fuel injection and ignition. With a rise in the dependency and usage of electronics in automobiles, the need for a computerized malfunction detection system has been increasing, which has led to the development of a better onboard diagnostics system.
-The European Union (EU) Regulation 566/2011, dated June 19, 2011, states that manufacturers are obligated to release electronic data, enabling the precise identification of replacement parts for vehicles. The European automobile industry is subject to further regulatory amendments, such as 1400/2002, 715/2007, and 64/2012, to create a competitive landscape in which independent operators and authorized shops compete to serve different customer segments and needs. Original equipment manufacturers (OEMs) are following the trend toward automobiles that are electronically equipped for remote diagnostics. With

the support of manufacturers and favorable regulations, the automotive diagnostic tools market is surging ahead.
-The shift of the automotive industry from internal combustion (IC) engine vehicles to electric vehicles would also have an impact on the diagnostics market, as the parameters and components in both types of vehicles differ, which in turn is likely to witness major growth for the market during the forecast period.

Europe Automotive Diagnostics Tool Market Trends

Increasing Adoption in Passenger and Commercial Vehicles

- As the number of electrical components in an automobile increases, the requirement for a computerized diagnostic system to monitor the complex electrical architecture in vehicles is also growing. The European Union has mandated the use of onboard diagnostic (OBD) 2 in light-duty vehicles during the implementation of Euro 6 emission standards.
- Components, such as catalyst, catalyst heater, evaporative system, air conditioning system, fuel system, oxygen sensor and heater, exhaust gas recirculation (EGR), thermostat, fuel filler cap, particulate filter, positive crankcase ventilating, and parameters, like engine misfire frequency, secondary air flow, etc., are monitored by the OBD 2, along with comprehensive component monitoring of some more components.
- Owing to a severe shortage of drivers, light commercial vehicles (LCV) and medium commercial vehicle (MCV) manufacturers all over Europe are working to improve safety functionalities. With the increase in restrictions from government and environmental agencies, the scope for electrically powered steering is expected to become a standard feature in LCVs and MCVs. Steering electrification will be considered as a springboard for the provision of a whole array of safety and driver assistance functionalities, such as lane keeping assist, lane centering assist, and active cruise control.
- By 2023, one in two LCVs and MCVs is expected to be fitted with either a fully or partially electrified system. In vehicles that are still using standard hydraulic systems, fleet managers are likely to retrofit plug-and-play electrified steering add-on modules in large numbers.
- Rising awareness regarding automotive diagnostic scan tools' efficiency and growing demand for sophisticated diagnostic software due to the notable adoption of these tools by car manufacturers is expected to boost the scanning tools adoption in passenger cars. So, in the wake of such benefits, key players operating in the market have started launching new products and are focusing on upgrading their portfolio to strengthen their customer base.
- For instance, in March 2021, Bosch expanded its next generation of advanced automotive diagnostic scan tool portfolio with the new ADS 625X. The ADS 625X includes a multipurpose docking station that charges the tablet and powers the VCI, providing seamless wireless updates and access to repair information without needing to be connected to the vehicle.
- In addition to the original equipment manufacturer (OEM) vehicle health monitoring services, aftermarket vehicle health diagnostic tools are also increasingly available now. For instance, the Integrated Vehicle Management System by Honeywell and Hum by Verizon are some of the aftermarket vehicle health diagnosing tools. The safety feature is expected to drive diagnostic features, thereby increasing the market for automotive diagnostics.

Germany is Expected to Dominate the Market

- Germany has the largest market share and is one of the key contributors to the growth of the automotive diagnostic tools market in the EU region. The two largest market players operating in Germany are Robert Bosch GmbH and Continental AG, which also have the largest market share.
- With about 30% of the total revenues in Europe during the forecasted period, Germany is anticipated to remain the largest market for diagnostic equipment in Europe. However, the increasing influx of cost-competitive Chinese products is posing a

challenge to German manufacturers.
- Vehicle component malfunction accounts for a considerable portion of crashes and accidents that happen on the road. According to the Association of Advancement of Automotive Medicine, about 6% of car accidents in Europe are due to malfunctioning vehicles or other vehicle-related equipment. The malfunctioning of vehicle components can be identified by proper vehicle health diagnostics.
- Over the years, players operating in the segment are constructively creating alliances with utility partners to meet the growing demand across the segments. For instance, in January 2023, Automotive supplier ZF Friedrichshafen AG announced the acquisition of Intellic Germany GmbH (Berlin). In addition, Intellic's smart tachograph products complement ZF's existing portfolio in the digital fleet management segment. Further, this also strengthens ZF's market position as a partner to the commercial vehicle industry along the entire value chain and for Transportation as a Service (TaaS).
- In mid-2023, European manufacturers installed the next generation of smart tachographs in newly registered trucks. As a result, ZF strategists believed that the smart tachograph would become the digital linchpin for effectively managing commercial vehicles by 2024, with the technology completely replacing its analog predecessors.
- Remote vehicle health diagnostic systems, such as SYNC by Ford and Blue Link by Hyundai, have remote vehicle diagnostics features. The remote vehicle diagnostic features provide the health status of vehicle components, like engine oil level and the optimum time to change oil and other fluids, suspension system and engine evaluation, time for maintenance of the vehicle, and the optimum time to change the thinning brake pads, etc.
- With the above-mentioned development across the region, the market is witnessing major growth during the forecast period.

Europe Automotive Diagnostics Tool Industry Overview

The Europe automotive diagnostics tool market is dominated by several key players such as Robert Bosch GmbH, Continental AG, Delphi Technologies Inc., Snap-on, and Others. Growing technological advancement in diagnostic tools is likely to witness major growth for the market during the forecast period.

In April 2022, MAHLE collaborated with political diagnostics, a software developer based in Dresden, to use the charging plug-in in addition to the existing OBD port for battery diagnostics of electric vehicles in the future. It evaluates the measured data in the cloud and provides valuable information about the state of the electric vehicle battery.

In November 2021, Continental launched Autodiagnos Drive, a remote vehicle data solution designed to deliver advanced diagnostic information that service providers, fleet managers, and repair facilities can use to maximize their data-driven services.

In July 2021, Hella Gutmann developed a Cyber Security Management (CSM) function in its diagnostic devices to provide authentication with gateways, enabling rapid diagnostic checks for a variety of vehicles.

In April 2021, Snap-on released a software upgrade for its diagnostic tools that allows professional technicians to get the full potential of their diagnostic platform to increase their productivity and overcome even the toughest obstacles more quickly. The new update allows a 2 percent increase in hybrid electronics component tests and a 13 percent increase in additional driver aids/ADAS component tests.

Additional Benefits:

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

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Scotts International. EU Vat number: PL 6772247784
tel. 0048 603 394 346 e-mail: support@scotts-international.com
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