Indonesia Connected Car Market Assessment, By System Type [Embedded System, Tethered System], By Connectivity [3G/4G Connectivity, 5G Connectivity], By Vehicle Type [Internal Combustion Engines Vehicle, Electric/Hybrid Vehicle], By Region, Opportunities and Forecast, 2018-2032F

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Report description:

Indonesia connected car market is projected to witness a CAGR of 17.35% during the forecast period 2025-2032, growing from USD 9.07 billion in 2024 to USD 32.62 billion in 2032. The market is evolving at a fast rate with technological advancements and growing demand for smart, safe, and efficient vehicles. The market is driven by a combination of factors, i.e., the surging demand for safety features, customer demand for green and smart vehicles, and fast-paced technology developments in AI, IoT, and 5G connectivity. Government investment and initiatives in specific areas towards digital infrastructure and smart city developments fuel the growth further.

The biggest segment of embedded system is spearheading the connected car evolution. Embedded systems are the core hardware and software built directly into connected cars, providing native, independent connectivity. Their dominance stems from superior reliability, enhanced security, and deep OEM integration. This enables critical functions, ensures regulatory compliance, and facilitates OTA updates, making them the largest and most foundational segment. Regionally, West Indonesia is at the forefront of this change with its advanced infrastructure, high urbanization level, and dominance of technology aficionados. Primary cities like Jakarta and Bandung are hotbeds of innovation with heavy investment from global automobile makers and technology companies. The region focuses on smart city initiatives and increased digital connectivity in the ideal environment for connected car adoption. The rest of Indonesia is slowly catching up as well, with increased awareness and infrastructure formation creating opportunities for future expansion. On the competition front, the stage is set ablaze with automakers and technology players collaborating to introduce sophisticated features and capture market share.

For instance, in September 2024, PT. Telekomunikasi Selular (Telkomsel) signed two agreements to strengthen its presence in the automotive sector, focusing on IoT, Wi-Fi connectivity for connected cars, and a digital ecosystem for electric vehicles (EVs). Its

enterprise unit partnered with PT. Toyota-Astra Motor to integrate IoT and in-car Wi-Fi into Toyota's 'T Intouch' telematics app for the new Fortuner SUV series. The app allows users to control features like real-time vehicle tracking, remote engine shut-off, component diagnostics, and "time fencing" via smartphones or the car's head unit and rear-seat entertainment screen. This collaboration enhances connectivity and user experience in next-generation vehicles.

Technology Development Drives Market Growth

The connected car market is being propelled by technological advancement as the auto sector is changing with artificial intelligence, the Internet of Things, and 5G connectivity. Because of these developments, vehicles can now interact with infrastructure, other cars, and peripheral equipment, enhancing user experience, security, and productivity. Technology-savvy consumers are attracted to smarter functionalities such as autonomous driving, remote diagnostics, and live traffic maps. In addition, cloud platforms and over-the-air upgrades ensure that vehicles are always running the latest software. With cooperation between automakers and technology companies, the focus is now on creating safe, user-friendly, and frictionless technologies. Not only does this technology change address consumers' needs, but it also compels governments and industries to design smart infrastructure, which speeds up the creation of connected automobiles.

For instance, in September 2024, PT NETA Auto Indonesia announced the price of its latest medium SUV lineup the NETA X. to feature intelligent technology in different safety features embodied in the theme of 'High Technology Vibes', the NETA X 500 Supreme features Level 2 Advanced Assistance System (ADAS) with the backup of 11 High Precision Sensors that surround the vehicle. The front cabin is fitted with Wireless Phone Charging, a 15.6-inch Intelligent Central Control Screen linked to the NETA Auto App with a split-screen layout customizable for individual drivers, and a floating D-shaped steering wheel. The NETA X also features a V2L (vehicle-to-load) function and an intelligent connected cockpit to offer a better driving experience.

New Product Launches Bolster the Demand

Increasing demand for connected vehicles in Indonesia is being driven by new models as tech players and auto firms work together to launch innovative features. Such cars, with enhanced connectivity solutions, provide improved safety, real-time navigation, and easy connection with smartphones and other devices. Such cars' convenience and personalized experience are increasingly attracting customers. Additionally, the push for smart city initiatives and higher digital infrastructure is giving a good environment for the adoption of connected cars. As more people become environmentally aware, most of these new models also emphasize green technologies. With added competition, affordability and local solutions are being favored by companies, and these are making connected cars feasible to a larger number of people in Indonesia.

For instance, in March 2023, PT Hyundai Motors Indonesia (HMID) introduced the latest model with Hyundai Bluelink, the flagship connected car offering of the company. This innovation enables Stargazer owners to connect and access their cars intuitively via a smartphone application, giving them greater ease and convenience of use. Having Bluelink integrated reflects the company's aspiration to provide smarter, connected solutions for mobility on the move and a user-centric driving experience.

West Indonesia Dominates the Market

West Indonesia acquires the highest market share for connected cars because of its growing infrastructure, expanding cities, and technologically advanced population. Large cities such as Jakarta and Bandung are attracting investments from automakers and technology giants looking to capitalize on the region's potential. With improved road networks and the thrust for intelligent city ventures, West Indonesia was the place where connected car technology had to expand as the auto market expanded. Western Indonesia is the dominating region with early adopters who are quick to embrace new tech, making it a hotspot for innovation.

For instance, in November 2024, PT BYD Motor Indonesia continued to bring innovative electric vehicles closer to the people of Indonesia with its Mall-to-Mall exhibitions in West Indonesian cities Medan and Semarang. In 2024, similar exhibitions also took place in Jakarta, Bandung, and Makassar.

Embedded Systems Acquires Highest Market Share

The embedded segment dominated the market in 2024 due to growing demand for real-time vehicle services and safety regulation compliance. Car manufacturers are increasingly fitting vehicles with embedded connectivity solutions. Such systems provide essential functions like over-the-air (OTA) updates, emergency services, and real-time navigation assistance. Embedding telematics units helps OEMs obtain greater control over data streaming and service ecosystems, boosting brand differentiation as well as customer retention. Collaborations among automobile manufacturers, telecommunication operators, and cloud vendors are broadening to provide secure, scalable connectivity infrastructures.

During the forecast period, the embedded segment is poised for even greater technological sophistication and integration, driven by the rapid adoption of 5G connectivity and the burgeoning development of Vehicle-to-Everything (V2X) communication. These advancements will enable ultra-low latency data exchange, paving the way for advanced autonomous driving features, enhanced traffic management, and sophisticated in-vehicle infotainment experiences. This continuous evolution will ensure the embedded segment remains at the forefront, providing greater advantages associated to the connected cars.

Future Market Scenario (2025 - 2032F)

- The integration of advanced AI and machine learning will accelerate the development of autonomous driving capabilities. This will redefine mobility, offering safer and more efficient transportation solutions.
- The rollout of 5G networks will enhance vehicle-to-everything (V2X) communication, enabling seamless interaction between cars, infrastructure, and devices. This will improve traffic management and reduce accidents.
- Connected cars will play a pivotal role in the growth of ridesharing and car-sharing platforms. These services will leverage real-time data to optimize routes and improve user convenience.
- Automakers will prioritize eco-friendly technologies, such as electric and hybrid connected cars, to meet environmental regulations and consumer demand. This shift will drive innovation in energy-efficient mobility solutions.

Key Players Landscape and Outlook

The competitive landscape of the connected car market is highly dynamic, with key players and stakeholders including automakers, tech giants, and telecom providers. Honda Prospect Motor, consistently embedding sophisticated telematics solutions such as T-Intouch and Honda Connect into their best-selling models. These systems offer crucial features like remote vehicle control, emergency services, and real-time navigation, capitalizing on their vast existing customer base and extensive dealer networks. Concurrently, premium European players like PT Mercedes-Benz Indonesia and PT BMW Indonesia set the benchmark for connectivity, offering comprehensive digital ecosystems through Mercedes me connect and BMW ConnectedDrive, emphasizing advanced infotainment and highly integrated services for discerning customers. For instance, in 2024, PT BMW Indonesia upgraded majority of the BMW vehicles from 2024 onwards, a SIM card is permanently installed and generally active which is the basic requirement for using BMW ConnectedDrive as well as for meeting legal requirements, such as statutory emergency call.

Tech companies such as Google, Apple, and Qualcomm provide software platforms and connectivity solutions. Telecom providers like Huawei enable 5G communication. Startups and mobility platforms (e.g., Uber, Grab) are also entering the space, focusing on fleet management and ride-hailing integration. Partnerships between automakers and tech firms are common, driving innovation in autonomous driving and smart city integration. The market is characterized by rapid technological advancements, regulatory support, and increasing consumer demand for connected features, making it highly competitive and collaborative.

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