Automotive Industry Outlook - 2024 and Beyond

ACES (Autonomous driving, Connected vehicles, Electrification, and Shared mobility) actively disrupts the automobile industry, gaining rapid momentum.
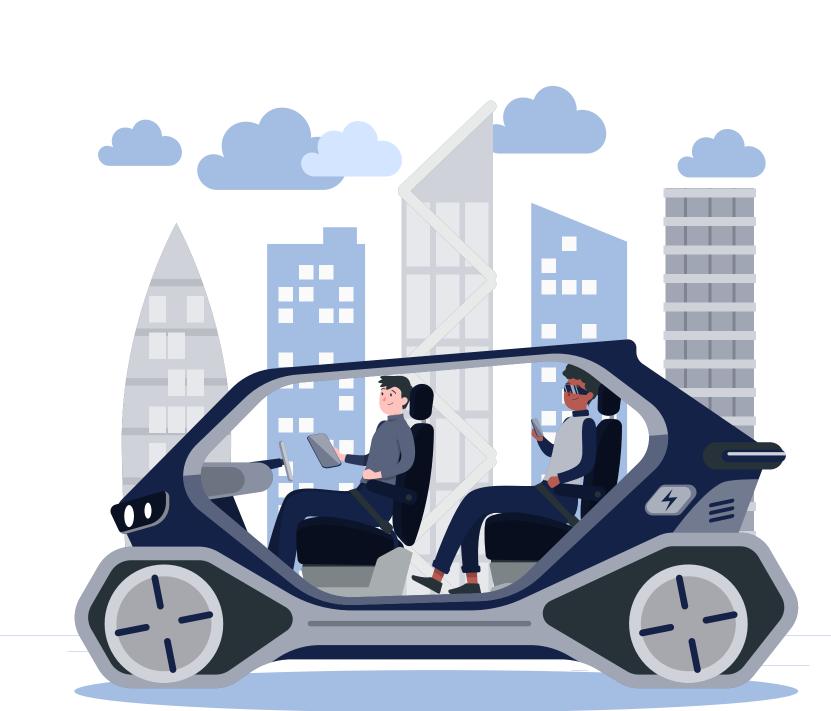
The automotive software market is set to more than double, projecting an increase from $31 billion in 2019 to approximately $80 billion in 2030, with a CAGR of 9.4%.[1]

Five Automotive Industry Trends To Watch Out For

1. Advancements in Autonomous Driving

- By 2030, 1 in 10 vehicles on the road will be a self-driving car.[2]
- In the United States, over 80 companies are testing 1,400 self-driving cars, while Pony.ai and Baidu launched driverless cabs in Beijing.[2]
- In 2023, Mercedes-Benz announced the introduction of Level 3 autonomous driving technology, Drive Pilot, in California and Nevada for private vehicles, priced at $2,500 for the initial year subscription.[3]
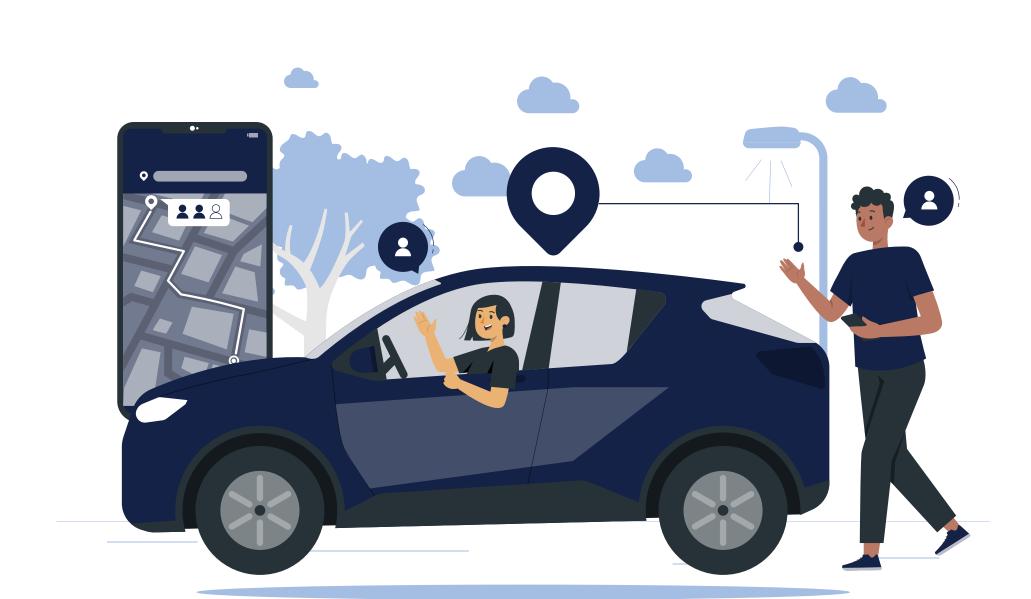- Autonomous vehicles will autonomously navigate complex traffic situations by leveraging sensors, AI, and ML.

2. Electric Vehicles (EV) Will Dominate Despite Slow Growth

- Expected y-o-y sales of electric vehicles in 2024 is 16%, a notable decrease from the 64% growth seen in 2023.[4]
- Automakers like General Motors, Volvo, Jaguar Land Rover, and Aston Martin are developing EVs to meet the rising demand for eco-friendly mobility solutions.[2]
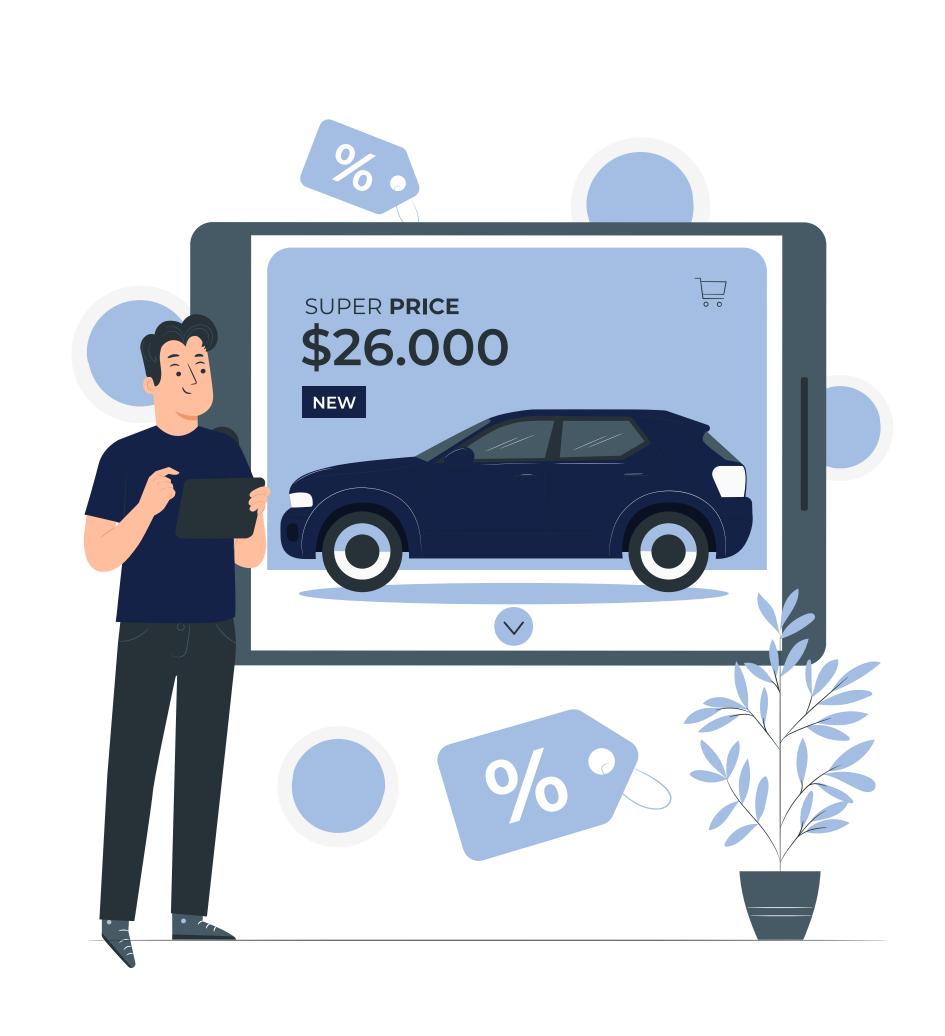- Luxury vehicle segments anticipate EVs to constitute 15-17% of sales by 2024.[4]

3. Connectivity and Shared Mobility Will Take Over

- The global automotive connectivity market is expected to reach $190.29 billion by 2033, at a CAGR of 19%, from an estimated value of $33.42 billion in 2023.[5]
- In 2024, Vehicle-to-Everything (V2X) communication will become a standard feature, enabling communication between a vehicle and any other entity it contacts.
- Developing connected automobiles gives rise to new business models prioritizing shared mobility as an alternative to traditional ownership and promoting Mobility-as-a-Service (MaaS).
- Stringent safety rules, luxury car sales, 5G, autonomy, and connectivity adoption fuel the demand for connected cars.

4. Streamlined Digital Shopping and Personalized Customer Experiences

- In 2023, the size of the global online car-buying market was estimated to be $326 billion. This market is expected to expand at a CAGR of 9.6% from 2024 to 2032, reaching $ 754.2 billion.[6]
- By 2024, 7.1–7.3 million cars will be sold online globally as the car-buying process shifts online.[4]
- North America leads in online EV sales with over one-third of the market, but APAC is catching up quickly. This includes new and used vehicles, offering transparency and convenience through online platforms.[4]
- Chatbots and messaging apps are two critical technological developments in the automotive sector.

5. Data and AI-driven Innovations

- With a 17.3% CAGR, the global automotive data analytics market is expected to reach $15,387 million in 2031.[7]
- Machine learning algorithms make advanced driver-assistance systems (ADAS) intelligent, elevating the driving experience and overall safety.
- Big data and advanced analytics shape decision-making across the autonomous and connected vehicle lifecycle, providing fleet management insights, predictive maintenance, and real-time accident alerts.
- Consumer automotive data is essential in streamlining supply chains, boosting sales, and informing improvements in next-generation vehicle designs.

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