

Automotive Smart Key Market Assessment, By Technology [Passive Keyless Access, Remote Keyless Access], By Application [Single Function, Multiple Function], By Vehicle Type [Two-Wheelers, Four-Wheelers, Others], By Distribution Channel [OEM, Aftermarket], Region, Opportunities and Forecast, 2017-2031F

<https://marketpublishers.com/r/A2A14BCC309FEN.html>

Date: March 2025

Pages: 239

Price: US\$ 4,500.00 (Single User License)

ID: A2A14BCC309FEN

Abstracts

Global automotive smart key market is projected to witness a CAGR of 6.15% during the forecast period 2024-2031, growing from USD 16.51 billion in 2023 to USD 26.61 billion in 2031. The market has experienced significant growth in recent years and is expected to maintain a strong pace of expansion in the coming years.

The automotive sector and its components continuously develop with the latest technology to enhance the consumer experience. The key system has also evolved from traditional and transponder keys to smart key systems. The smart key system enables operators access to lock, unlock, and other vehicle functions. The increased sales of vehicles with “push-to-start” ignition, along with the Internet of Things (IoT) deployment in vehicles are garnering market growth. The option of keyless entry affordable vehicles and significant advancements in smart key technology are expected to lead the market in the future. The virtual key technology threatens the automotive smart key market’s position. However, both technologies complement each other as virtual key systems are slow and have cyber security threats while smart keys still hold the major portion of automotives. Furthermore, two-wheelers are also being equipped with smart key features to extend vehicle safety.

In July 2023, Honda launched the Dio - 125 with H-Smart technology, enabling smart

safe, find, Unlock, and start features. It has a lock mode that combines five functions into one rotary knob.

Rising Automotive Theft and Keyless Ignition Systems are Unlocking the Touchless Experience

The increased automotive theft worldwide with thieves getting advanced with their automotive stealing practices are primarily driving the market growth. The National Insurance Crime Bureau (NICB) reported 500,000 vehicles being stolen in the United States in the first half of 2023. These activities have pushed automotive OEMs to go beyond adding security layers to vehicles. Major automotive brands like BMW, Volkswagen, and Mercedes-Benz are offering attractive and multifunctional smart keys to lure consumers. Even since the addition of keyless ignition in vehicles, smart key technology has only transformed. It involves a touchscreen with smart keys with a long range of functions like ignition control, AC control, door, and trunk unlock and lock etc.

For example, BMW launched its BMW 5 series in June 2023 with intelligent remote fob. The key fob can help the driver remotely move the car from outside in a straight line. Furthermore, OEMs focus on innovation and higher safety, raising consumer preferences and standards. The smart key system is a part of the advanced vehicle ecosystem which delivers premium functions to the vehicle to add user convenience.

Increasing Solution Adoption and Penetrating Connected Car Technology to Fuel Market Growth

OEMs have started adopting smart key technology in their vehicles, which is a driving force for market expansion. Different automotive brands use different terms for their smart key technology. For instance, Audi's smart key system is called "Advanced Key" while BMW uses the term "Comfort Access". Furthermore, the application of lightweight and nature-friendly elements for chip manufacturing is transforming the automotive component industry. The adoption of smart key systems is not limited to luxury vehicles, but also in volume brands. One of the main growth factors for growing customer demand is first-in-line brand experience, with OEMs now trying to use all available technology to continue to draw in prospects to their brands.

In October 2023, Kia revealed the EV5 and two concept models at Kia EV Day. Kia has enabled these models with Highway Driving Assist 2 (HDA2) which helps drivers maintain a distance from other vehicles and keeps them in a specific lane. The vehicle comes with a Kia Digital Key 2 smart key that helps the user activate the vehicle's

Remote Smart Parking Assis 2 (RSPA 2) system. It allows the Kia SUV to park itself without the need for user control.

Government Concerns and Stringent Federal Policy to Support OEM Smart Key Adoption

The government's concern over automotive theft is also pushing automotive companies to adopt the latest theft-preventive measures. Some of these steps involve legalization and regulations, public awareness campaigns, and anti-theft devices such as smart keys and immobilizers. Public awareness campaigns greatly help OEM manufacturers as end users choose vehicles with advanced key features to secure their vehicles. Furthermore, the government takes serious action against the brands that don't follow the policies regarding installing anti-theft systems.

In June 2023, New York City sued South Korean automakers Hyundai and Kia for failing to install anti-theft devices. This New York court accused the companies of enabling the "Spiraling Epidemic". These actions fuel the adoption of smart keys across the automotive OEMs. Smart keys prevent auto theft by using a unique code to unlock the vehicle. Alongside, modern auto keys automatically lock the vehicle once the user parks and leaves the vehicle. The usage of infrared technology makes the lock-unlock process smooth, quick, and reliable.

Majority of the Sales Taking Place through OEMs

Based on the distribution channel, the OEM segment leads the market. The significant growth can be attributed to the major automotive giants adopting modern smart key systems. The extended research and development (R&D) programs of major brands have helped companies deliver new touchscreen and multifunctional smart keys with ample features. The OEM smart keys are well integrated with multiple systems of the vehicle and can easily be repaired. However, some end users also install aftermarket smart keys with higher functionality. These aftermarket smart keys can easily be tracked or hacked in case of auto theft, while OEM transmission technology comes with multi-layer code security. These features make OEM installation a significant segment in the automotive smart key market. There is an edge-to-edge competition between OEM manufacturers and aftermarket players based on features, compatibility, and innovation.

In April 2023, Car Keys Express announced its new universal "smart" key. The company claims a three-year "better-than-OEM" warranty while offering high margins for retailers. The universal smart key is also compatible with all standard pairing

equipment.

Asia-Pacific to Lead with Increased Consumption of Commercial and Luxury Vehicles

Asia-Pacific holds a significant share of the global automotive smart key market. The major share is attributed to the spike in automotive sales as well as leading innovation. Increased sales of luxury vehicles and the rapid employment of advanced systems by companies in their commercial vehicle range at lower price points are acting as other growth-inducing factors. Furthermore, the extended R&D programs to innovate and enhance end-user convenience are expected to fuel regional market growth. Apart from major automotive brands, local car manufacturers and aftermarket smart key developers present in the region are also flourishing the market growth. Regional vehicle manufacturers like Mahindra Vehicle Manufacturer Ltd in India and BYD Co. Ltd in China are producing vehicles with the latest key systems.

Key Players Landscape and Outlook

Major players in the market are automotive OEMs that compete based on the latest technology, enhanced security, and accessibility. Key players also focus on extended research to understand end-user behavior for improved smart key solutions. In addition, companies add features like HD touchscreen, anti-lost feature, personalized vehicle logo, and ultra-long standby time to remain prevalent. Furthermore, aftermarket companies also compete with OEMs by providing cheaper alternatives with equivalent vehicle compatibility. Aftermarket companies deliver key upgrade options for old vehicles by making them smart key compatible through automated devices.

In April 2023, Car Keys Express (iKeyless LLC), an automotive key replacement brand, launched a “Keys NOW” machine that instantly replaces car keys with smart keys and high-security laser-cut keys. It enabled hardware retailers to regain their market dominance after the advent of digital or virtual keys.

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*Companies mentioned above DO NOT hold any order as per market share and can be changed as per information available during research work

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