

# **Saudi Arabia Tyre Market Assessment, By Tyre [Winter Tyre, Summer Tyre, All Season Tyre], By Vehicle Type [Passenger Vehicles, Commercial Vehicle, Off the Road], By Tyre Type [Radial, Bias], By Rim Size [Upto 20 inches, Above 20 inches], By Demand Type [New Product (OEMs), Replacements], By Distribution Channel [Original Equipment Manufacturers (OEMs), Multi Brand Distributor, Single Brand Distributor, Online], By Region, Opportunities and Forecast, 2016-2030F**

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## **Abstracts**

Saudi Arabia tyre market is anticipated to grow at a CAGR of 6.42% between 2023 and 2030. The market was estimated to be worth USD 2.99 billion in 2022 and is expected to reach USD 5.06 billion by 2030. The rapid development in the automobile sector of Saudi Arabia is driving the growth of the tyre market. The expanding consumer base, supported by elevating living standards and increasing per capita expenditure on premium vehicle components, further augments the market growth.

Moreover, the development of smart cities such as 'Neom' and the implementation of programs such as the National Industrial Development and Logistics Program (NIDLP) to facilitate the Saudi Vision 2030 are further propelling the growth of the Saudi Arabia tyre market. Additionally, the short replacement period of tyres due to extreme weather conditions in Saudi Arabia, along with improving economic conditions, is expected to further boost the demand for tyres in the country during the forecast period.

One of the major trends witnessed in the market is the growing popularity of tyre retreading, especially in OTR tyres, accounting for the highest share of the overall retread tyre market in the country. For example, Toyo Tire Co., Ltd. announced that the Toyota Land Cruiser equipped with Open Country MT/R tires won the T2, Production car category in the 2023 Dakar Rally, held in Saudi Arabia from December 31, 2022, to January 15, 2023. Toyo Tires participated in the event with Team Land Cruiser Toyota Auto Body, providing LT285/70R17 Open Country MT/R off-road tires for Toyota Land Cruiser cars.

Furthermore, increasing focus on technological advancement is another major trend observed in the market, with tyre manufacturers increasingly focusing on developing and manufacturing high-tech tyres for automobiles in Saudi Arabia. The shift towards online tyre sales is another trend witnessed in the market, providing consumers with better product choices, and cutting overhead expenses and time associated with traditional tyre purchasing methods.

### Increasing Vehicle Ownership and Surge in New Car Sales

The country's need for tyres is driven by increased new car sales and vehicle ownership. Sales of vehicles have increased because of the growing population, enhanced economic conditions, and rising disposable income, which has increased demand for tyres. Given consumers' increasing inclination for personal automobiles, the passenger car category dominates the market. The increase in employment rates has made it possible for more people to spend money on auto maintenance, raising tyre demand. Further boosting vehicle ownership and new car sales are the quick urbanization, industrialization, and road infrastructure development. These factors have created a favorable climate for the rise of the tyre industry. The market is witnessing steady growth, supported by government initiatives, favorable policies, and increasing revenue opportunities for manufacturers, distributors, and retailers.

### Growing Demand for Racing Tyres

Due to an increase in racing events and off-road activities in the nation, Saudi Arabia tyre market is seeing an increase in demand for high-performance and racing tyres. The growing popularity of many types of vehicle racing events, such as Formula One, NASCAR, and motorbike races, has been a major market driver. The rise in off-road activities has fueled demand for high-performance tyres. The country's expanding disposable income for the adoption of high-performance tyres, and the growing interest in racing events is projected to fuel future market expansion.

For example, in February 2023, Hankook Tires debuted as an official and exclusive sponsor of Formula E in Diriyah after becoming the Exclusive Technical Partner and Official Tire Supplier for Formula E racing starting in 2023. This partnership is associated with one of the most important car races in the world, dedicated to electric cars that are witnessing global interest for their growing use in mobility. In its partnership with Formula E, Hankook Tires presented its new product (iON Race Tires), made using environmentally friendly materials, and reduced carbon dioxide usage by more than 15% compared to other tyres.

For example, Formula 1 returned to Saudi Arabia in 2022, and Pirelli once again chose the compounds in the middle of the range: C2 as the P Zero White hard, C3 as the P Zero Yellow medium, and C4 as the P Zero Red soft.

### Increase in Demand for Tyre Retreading

Saudi Arabia tyre market is witnessing a growing demand for retreaded tyres, driven by various factors. The market growth can be attributed to the rising demand for cost-effective and economical tyres in the logistics industry and cargo transportation. Fleet operators are increasingly turning to retread tyres to reduce costs while maintaining a sustainable vehicle fleet, leading to increased wear and tear of tyres, and subsequently fueling the demand for retread tyres.

Leading tyre manufacturing companies are introducing techniques to develop retread tyres that deliver the same quality and operational efficiency as new tyres, further driving the growth of the retread tyre market in Saudi Arabia. Moreover, the market is supported by the increasing preference for retreaded tyres and the adoption of green tyres driven by environmental concerns, reflecting a positive outlook for the retread tyre market in Saudi Arabia.

### Impact of COVID-19

The pandemic outbreak created a significant problem for the tyre industry due to lockdowns in several countries. Several factories came to a temporary standstill, and lockouts and social isolation caused production to be scaled back, which in turn caused the whole output to stop temporarily. Additionally, operating capacity was decreased due to manpower shortage and a disturbance in the raw material supply. In addition, the downturn and supply-side issues caused warehouse closures and building projects, which decreased demand for tyres from several end-user industries, including mining,

construction, industrial, and agriculture. The pandemic put transportation and logistics operations at risk, and restrictions on on-road traffic directly affected the supply of tyres, which slowed the market's growth. Despite the difficulties, the Saudi Arabia tyre market is expanding rapidly throughout the projected period, indicating a good future for the sector, as it navigated in the post-pandemic recovery phase.

### Key Players Landscape and Outlook

There is strong competition among domestic and international companies for market share in Saudi Arabia's tyre business. Yokohama, Hankook, Continental, Bridgestone, Michelin, Goodyear, and Pirelli are a few of the major market players. To meet the rising demand for premium, environmentally friendly tyres, these companies are concentrating on diversifying their product lines, funding research and development, and implementing sustainable business procedures.

Premium tyres are becoming increasingly popular in the market, which is the evidence of customers' rising willingness to spend money on high-quality tyres that provide improved performance, longevity, and safety features. The rising popularity of international tyre brands in Saudi Arabia tyre market may be attributed to various factors, including the growing number of cars on the road, current and planned government-sponsored infrastructure, and development projects, and the improving economic climate.

For instance, South Korea's Kumho Tire and Saudi Arabia's Blatco Tire Co. have agreed to collaborate on a tyre plant in Riyadh, Saudi Arabia, as part of the Saudi-South Korean Business Forum held in January. The factory's production capacity will reach 15 million tyres per year, with production expected to begin in the third quarter of 2023.

For instance, in October 2023, The Public Investment Fund (PIF) and Pirelli Tyre S.P.A. have established a joint venture to build a tyre factory in Saudi Arabia. PIF will own 75% of the new joint venture, with Pirelli owning the other 25% and serving as a key technology partner to support the project with technical and commercial assistance. The factory, which will be operational in 2026, will produce high-quality tyres for passenger cars under the Pirelli brand, as well as tyres under a new local brand aimed at the domestic and regional markets. The entire investment in the JV is estimated to be approximately USD 550 million. This project will not affect Pirelli's deleveraging plans until 2025.

For example, in 2023, the global provider of environmental management services,

Reviva, has entered into a cooperation agreement with local firm Hama Holding and waste tyre recycling expert Enrestec. The primary objective of the collaboration is to recycle waste tyres, which is an advanced step in regional tyre waste management. Reviva is associated with a Saudi investment recycling company, an organization that is controlled by PIF (The Public Investment Fund), the public wealth fund of the country.

## Contents

### **1. RESEARCH METHODOLOGY**

### **2. PROJECT SCOPE & DEFINITIONS**

### **3. IMPACT OF COVID-19 ON SAUDI ARABIA TYRE MARKET**

### **4. EXECUTIVE SUMMARY**

### **5. VOICE OF CUSTOMER**

5.1. Consumers Respondent's Demographics

5.2. Tyre Type

5.3. Preferred Tyre Brand

5.4. Tyre Replacement

5.5. Purchase Decision Factors

5.6. Medium of Purchase

5.7. Performance Attributes

5.8. Tyre Lifespan

5.9. Sustainability and Eco-friendly Tyres

5.10. Technical Advancements in the Near Future

### **6. SAUDI ARABIA TYRE MARKET OUTLOOK, 2016-2030F**

6.1. Market Size & Forecast

6.1.1. By Value

6.1.2. By Volume

6.2. By Tyre

6.2.1. Winter Tyre

6.2.2. Summer Tyre

6.2.3. All Season Tyre

6.3. By Vehicle Type

6.3.1. Passenger Vehicles

6.3.1.1. Two-wheeler

6.3.1.2. Three-Wheeler

6.3.1.3. Four-Wheeler

6.3.2. Commercial Vehicle

6.3.2.1. LCV

- 6.3.2.2. Medium & Heavy CV
- 6.3.3. Off the Road
  - 6.3.3.1. Agriculture
  - 6.3.3.2. Mining & Construction
  - 6.3.3.3. Others
- 6.4. By Tyre Type
  - 6.4.1. Radial
  - 6.4.2. Bias
- 6.5. By Rim Size
  - 6.5.1. Upto 20 inches
  - 6.5.2. Above 20 inches
- 6.6. By Demand Type
  - 6.6.1. New Product (OEMs)
  - 6.6.2. Replacements
- 6.7. By Distribution Channel
  - 6.7.1. Original Equipment Manufacturers (OEMs)
  - 6.7.2. Multi Brand Distributor
  - 6.7.3. Single Brand Distributor
  - 6.7.4. Online
- 6.8. By Region
  - 6.8.1. Central
  - 6.8.2. Western
  - 6.8.3. Northern
  - 6.8.4. Eastern
  - 6.8.5. Southern
- 6.9. By Company Market Share (%), 2022

## **7. MARKET MAPPING, 2022**

- 7.1. By Tyre
- 7.2. By Vehicle Type
- 7.3. By Tyre Type
- 7.4. By Rim Size
- 7.5. By Demand Type
- 7.6. By Distribution Channel
- 7.7. By Region

## **8. MACRO ENVIRONMENT AND INDUSTRY STRUCTURE**

- 8.1. Supply Demand Analysis
- 8.2. Import Export Analysis
- 8.3. Value Chain Analysis
- 8.4. PESTEL Analysis
  - 8.4.1. Political Factors
  - 8.4.2. Economic System
  - 8.4.3. Social Implications
  - 8.4.4. Technological Advancements
  - 8.4.5. Environmental Impacts
  - 8.4.6. Legal Compliances and Regulatory Policies (Statutory Bodies Included)
- 8.5. Porter's Five Forces Analysis
  - 8.5.1. Supplier Power
  - 8.5.2. Buyer Power
  - 8.5.3. Substitution Threat
  - 8.5.4. Threat from New Entrant
  - 8.5.5. Competitive Rivalry

## **9. MARKET DYNAMICS**

- 9.1. Growth Drivers
- 9.2. Growth Inhibitors (Challenges and Restraints)

## **10. KEY PLAYERS LANDSCAPE**

- 10.1. Competition Matrix of Top Five Market Leaders
- 10.2. Market Revenue Analysis of Top Five Market Leaders (in %, 2022)
- 10.3. Mergers and Acquisitions/Joint Ventures (If Applicable)
- 10.4. SWOT Analysis (For Five Market Players)
- 10.5. Patent Analysis (If Applicable)

## **11. PRICING ANALYSIS**

## **12. CASE STUDIES**

## **13. KEY PLAYERS OUTLOOK**

- 13.1. Michelin Group
  - 13.1.1. Key Management Personnel
  - 13.1.2. Products & Services



- 13.1.3. Financials (As reported)
- 13.1.4. Key Market Focus & Geographical Presence
- 13.1.5. Recent Developments
- 13.2. Bridgestone Corporation
- 13.3. Continental AG
- 13.4. Goodyear Tire & Rubber Company
- 13.5. Sumitomo Corporation Saudi Arabia Ltd.
- 13.6. Pirelli C. S.p.A.
- 13.7. Aljomaih Tyre Co (The Yokohama Rubber Co., Ltd.)
- 13.8. Hankook Tire & Technology Co., Ltd
- 13.9. Toyo Tire Corporation (Saeed Mohammed Al-Amoudi Company Limited)
- 13.10. Kumho Tire Co., Ltd.

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

## **14. STRATEGIC RECOMMENDATIONS**

## **15. ABOUT US & DISCLAIMER**

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