

Automotive Differential - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

<https://marketpublishers.com/r/ACC611A0C944EN.html>

Date: July 2024

Pages: 90

Price: US\$ 4,750.00 (Single User License)

ID: ACC611A0C944EN

Abstracts

The Automotive Differential Market size is estimated at USD 22.40 billion in 2024, and is expected to reach USD 26 billion by 2029, growing at a CAGR of 5.10% during the forecast period (2024-2029).

The automotive differential market is integral to any vehicle due to its basic functionality of rotating wheels at different speeds, especially while turning, as the outer wheels cover a larger circumference. As a result, the automotive differential has always remained in demand. With more extensive ownership of personal cars and growing technological advancements, the need for this differential system will only increase.

In Asia-Pacific, the rise in the Chinese and Indian economies with increased income levels, especially among middle-class consumers, will drive the growth of the automotive market. China and India are the world-leading automotive differential markets, with a combined market share of over 60%. Emerging markets also include Southeast Asian countries like Indonesia, Bangladesh, and Vietnam, which saw positive growth.

With electric vehicles entering the market, some automotive parts businesses have seen a drop in market demand. However, in the case of the automotive differential market, the industry is thriving with an increase in electric cars. Most electric vehicles from reputable manufacturers use differentials. For 4WD models, Tesla provides differentials for front and rear motors. While 2WD models can have differentials with a single large electric unit instead of multiple ones, it is highly economical.

Furthermore, with the technological advancements in the electric vehicle industry,

companies like BorgWarner showcased their eMobility Solutions at EV JAPAN 2024 in Tokyo in January 2024. The solution includes an 800V high-speed, ultra-compact eDrive with a unique dual layshaft gearbox design. The differential is integrated into a hollow rotor shaft, increasing efficiency and reducing weight. These innovations are expected to contribute to the growth of the market.

Automotive Differential Market Trends

Passenger Car Holds the Highest Share in the Market

Passenger cars have gained immense popularity among drivers over the past few years due to features such as stylish design, compact size, and economic value. Passenger cars are the most common mode of transportation in numerous advanced countries. The improving lifestyles, increasing power purchase parity disposable income, raising brand awareness, and improving the economy are leading to customer preference changes across the globe, resulting in high sales of passenger cars.

According to the Society of Indian Automobile Manufacturers, sales of passenger cars increased from 14,67,039 to 17,47,376 units during 2022-2023.

Moreover, with the increase in global demand, electric car sales have grown exponentially due to falling costs, improving technology, and government support, contributing to passenger car growth. For instance, according to the International Energy Agency, over 2.3 million electric cars were sold in the first quarter of 2023, about 25% more than in the same period last year.

Also, a rise in the demand for sports utility vehicles (SUVs) creates profitable opportunities for the market players. It acts as a significant driving factor for the global passenger car market growth.

The differential, which helps send power to the shafts, is witnessing exponential growth with the high demand for passenger cars and a rise in demand for advanced features. The companies are working to launch new models and technological advancements to cater to the market. For instance,

In November 2023, Toyota filed a patent application for a variable limited-slip differential that can change its characteristics based on the driving environment using a new kind of differential consisting of a casting that contributes to the market growth.

Asia-Pacific Holds the Highest Share in the Market

Asia-Pacific is expected to grow significantly over the coming years. The demand for automotive differential in the area is mainly supported by increasing sales of passenger and commercial vehicles across China, India, and other countries. Various automakers invest in developing new technologies for autonomous, hybrid, and electric cars, positively impacting the market.

It will also result in new market opportunities for the automotive differential industry. For instance, in April 2023, Modern Automotives, an Indian motor vehicle parts manufacturing company, got approval to deliver a differential pinion shaft to BMW AG.

The Government of India is also encouraging the use of electric vehicles. By the end of 2035, the government will convert all fuel-run vehicles into whole or semi-electric-run vehicles. The automotive differential market in India is expected to have a bright future due to government policies such as the 'Make in India' initiative to improve the manufacturing sector. Automotive component manufacturers invest more in India through various investments or new regional product launches.

With positive manufacturing growth in the automotive components in Asia-Pacific, the automotive manufacturers are focusing on expanding their differential production as the market is utilized in electric and gasoline vehicles and is experiencing a huge demand.

In March 2024, Sona BLW Precision Forgings Ltd, a provider of differential solutions, reached production milestones for producing 400 million differential gears and 6 million differential assemblies to cater to the market demand of countries like India and China, contributing to the market growth.

Automotive Differential Industry Overview

The automotive differential market is consolidated and led by globally and regionally established players. The companies adopt new product launches, collaborations, and mergers to sustain their market positions. For instance,

In January 2024, American Axle & Manufacturing created a transition for the largest

automakers by creating innovative driveline technologies for electric vehicles, passenger cars, and trucks. At CES 2024, the company showcased its 3-in-1 electric drive units (eDUs), fully integrated e-Beam axles, differential solutions, and innovative component technologies that are helping define the future of mobility worldwide.

Some of the major players in the market include GKN Automotive, American Axle & Manufacturing Inc., Dana Limited, ZF Friedrichshafen AG, and Eaton Corporation PLC.

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