

Indonesia Commercial Vehicle Tire Market By Vehicle Type (Light Commercial Vehicle, Medium Commercial Vehicle, Heavy Commercial Vehicle), By Application (Construction, Mining, Agriculture, Transport, and Others), By Demand Category (OEM, Replacement), By Region, Competition, Opportunities and Forecast, 2019-2029F

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Abstracts

Indonesia Commercial Vehicle Tire market was valued at USD 4.20 Billion in 2023 and is expected to reach USD 5.27 Billion by 2029 with a CAGR of 3.86% during the forecast period. The Indonesia commercial vehicle tire market is experiencing significant growth due to the expanding transportation and logistics sectors. As Indonesia's economy continues to develop, the demand for both freight and passenger transport services is increasing. A surge in infrastructure projects, such as road construction and urbanization, is further contributing to the need for more commercial vehicles. As more vehicles hit the roads, tire replacement and new tire demand will rise, making the tire market essential for supporting the growing commercial fleet. The development of e-commerce and increased delivery services is another key driver, as companies look to expand their fleets for efficient supply chain management. The tire market is also seeing innovation through trends like the adoption of advanced technologies in tire manufacturing. The rise of smart tires, which can monitor pressure, temperature, and tread wear, is transforming the way tires are used and maintained. This innovation allows businesses to reduce maintenance costs and enhance vehicle performance, making them an attractive option for fleet operators. Moreover, sustainability is becoming a more significant focus, with a growing shift toward eco-friendly tires that are made from sustainable materials and contribute to reduced fuel consumption. These technological and environmental trends are

opening up new opportunities for tire manufacturers to meet the demands of both commercial vehicle owners and regulators focused on green initiatives. However, challenges remain that could affect the market's growth. The volatility of raw material prices, such as rubber and oil, can cause fluctuations in tire production costs, putting pressure on manufacturers. Furthermore, there is intense competition in the tire industry, which often results in price wars and reduced profit margins. Rising fuel prices and fluctuating demand for commercial vehicles in certain sectors also contribute to market uncertainty. Despite these challenges, the Indonesia commercial vehicle tire market is poised for steady growth, driven by the continuous expansion of transportation needs, technological advancements, and sustainability efforts. These factors are expected to fuel the market's development in the coming years.

Market Drivers

Growth in E-commerce and Logistics

The rapid expansion of e-commerce in Indonesia has created a surge in demand for delivery and logistics services. Commercial vehicles, especially light commercial vehicles (LCVs), are crucial for last-mile delivery, which is growing rapidly as businesses strive to meet the increasing consumer demand for fast shipping. The expansion of warehouses and distribution centers across the country has led to a greater need for commercial vehicles to facilitate efficient delivery services, thereby driving the tire market. For instance, In January 2024, the International Trade Association reported that Indonesia led the ASEAN countries in e-commerce business revenue, generating USD 51.9 billion, equivalent to approximately IDR 778.8 trillion, in 2022. The total e-commerce revenue across ASEAN for the same year amounted to USD 99.5 billion, indicating that Indonesia's e-commerce sector accounted for 52% of the overall revenue.

Infrastructure Development

Indonesia's government continues to invest in infrastructure projects, including road networks, bridges, and ports. The development of these projects supports the growth of the commercial vehicle sector, as improved transportation infrastructure encourages the movement of goods and services across the country. This growth in infrastructure directly increases the demand for commercial vehicle tires to support the expanding vehicle fleet.

Urbanization

Urbanization is accelerating in Indonesia, with more people moving to cities for better opportunities and lifestyles. As urban centers grow, the demand for commercial vehicles for public transportation, cargo, and logistics services rises. This creates a steady demand for replacement tires and new tires for commercial vehicles, thereby driving the tire market's growth.

Key Market Challenges

Volatility of Raw Material Prices

The commercial vehicle tire market in Indonesia faces significant challenges related to the volatility of raw material prices. Key materials like rubber and oil often experience price fluctuations, which affect production costs for tire manufacturers. This volatility can result in price hikes for tires, impacting both businesses and consumers, as well as creating uncertainties in the market.

Tire Counterfeiting

The presence of counterfeit tires in the market poses a significant challenge. Counterfeit tires, often of substandard quality, undermine the safety and performance of commercial vehicles, leading to potential accidents and maintenance issues. The growth of counterfeit products complicates market dynamics, as consumers may unknowingly purchase these products, which can impact overall demand for high-quality tires.

Dependency on Imports

Indonesia's tire market is highly dependent on imported raw materials and finished products. Fluctuations in global trade policies, shipping costs, and currency exchange rates can disrupt supply chains, leading to delays and higher costs for local manufacturers and businesses. The reliance on imports makes the market vulnerable to external shocks, affecting its overall stability and growth.

Key Market Trends

Increased Demand for Affordable Tire Solutions

As Indonesia's economy continues to grow, small and medium-sized enterprises (SMEs) are increasing their presence in various industries. These businesses often rely on commercial vehicles for transportation and logistics. In response to this growing demand, there is a noticeable shift toward affordable and cost-effective tire solutions in the market. Manufacturers are producing tires that provide a balance between price, quality, and performance to cater to businesses with tighter budgets, creating a strong market for budget-friendly tires.

Increased Focus on Local Manufacturing

With the growing demand for commercial vehicle tires in Indonesia, there has been a marked increase in the focus on local tire manufacturing. Local manufacturers are ramping up production capacities to cater to the expanding market, reducing reliance on imports. This shift is encouraged by government policies aimed at boosting domestic industries and promoting job creation. Local tire manufacturers are investing in advanced technologies and production capabilities, ensuring they can meet the demand for quality tires at competitive prices while also minimizing supply chain disruptions. For instance, in March 2024, Sailun Group, a leading tire manufacturer based in China, initiated a major investment project, allocating USD 250 million (EUR 230 million) for the construction of a new tire manufacturing facility in Indonesia. This strategic initiative is a crucial component of Sailun's extensive overseas expansion plan. The new plant is

expected to have a significant production capacity, capable of producing 3.6 million radial tires for passenger vehicles each year, in addition to 37 kilotonnes of off-highway tire products.

Shift Toward Radial Tires for Commercial Vehicles

Radial tires, known for their durability, fuel efficiency, and improved performance, are becoming more popular in Indonesia's commercial vehicle tire market. This trend is driven by the increasing need for tires that can handle long-distance travel and heavy loads, especially as industries like logistics, agriculture, and construction expand. Radial tires help reduce fuel consumption and maintenance costs, making them a preferred choice for fleet operators in Indonesia who seek long-term savings.

Segmental Insights

Vehicle Type Insights

The Indonesia commercial vehicle tire market is segmented by vehicle type into Light Commercial Vehicles (LCVs), Medium Commercial Vehicles (MCVs), and Heavy Commercial Vehicles (HCVs). Each segment has unique characteristics and requirements that drive demand for specific types of tires suited for their particular functions.

Light Commercial Vehicles (LCVs), commonly used for small delivery, retail, and service vehicles, often require tires that can balance fuel efficiency, durability, and cost-effectiveness. These vehicles are used for short-distance travel, typically within urban areas, and often operate in heavy traffic conditions. LCV tires need to be designed for high maneuverability, quick acceleration, and good performance on paved roads. As e-commerce and delivery services continue to expand in Indonesia, the demand for LCV tires is steadily growing, driven by the need for efficient last-mile delivery solutions. Medium Commercial Vehicles (MCVs) serve a broad range of industries, including logistics, construction, and public transport. These vehicles often carry goods or passengers over medium to long distances and require tires that offer a balance between load-bearing capacity, durability, and performance on both paved and unpaved roads. MCVs may encounter diverse road conditions, including rural roads or construction sites, and tires for these vehicles need to withstand the wear and tear of such environments. Tires in this segment are typically designed for enhanced traction, better heat resistance, and increased longevity to ensure the vehicles operate efficiently and safely under varying conditions.

Heavy Commercial Vehicles (HCVs) are used for transporting bulk goods and heavy machinery across long distances. These vehicles require tires with the highest load capacity, extreme durability, and the ability to withstand harsh driving conditions. HCVs, including trucks and trailers, often operate on highways, but they also encounter rough roads and challenging environments, especially in remote areas. Tires for HCVs need to be designed with reinforced sidewalls, improved tread

patterns, and materials that enhance their ability to handle the weight and frequent long-distance travel. These tires must also provide resistance to damage from punctures, abrasions, and excessive heat generated during operation.

Region Insights

In 2023, the dominant region in Indonesia's commercial vehicle tire market is Java. Java remains the economic and industrial hub of the country, accounting for a significant share of commercial vehicle usage and tire demand. The island is home to the largest cities, including Jakarta, Surabaya, and Bandung, which drive a substantial portion of Indonesia's logistics, transportation, and manufacturing activities. The high population density, combined with the concentration of businesses and infrastructure, results in a greater need for commercial vehicles across all sectors, from retail delivery to freight transport, all of which rely heavily on tires.

Java's extensive road network, which links key industrial areas and urban centers, supports a high volume of commercial vehicle traffic. This road infrastructure facilitates the movement of goods, contributing to the strong demand for commercial vehicle tires. As a result, Java sees a higher rate of tire replacements, maintenance, and new tire sales. The region also experiences significant logistics activity due to the presence of large distribution hubs and e-commerce companies. These factors, combined with the widespread use of light, medium, and heavy commercial vehicles in Java, create a robust market for tires.

The growing industrial and infrastructure development in Java further fuels the demand for commercial vehicle tires. Industries such as construction, mining, and agriculture depend on a fleet of commercial vehicles, all requiring high-quality tires suited for diverse operational needs. Java also benefits from an established and efficient supply chain network that enables easy access to tire products, both for original equipment and replacements. As commercial activities increase, so does the need for tires that can withstand heavy use in urban and semi-urban areas, as well as on rural roads connecting the various parts of the island.

The concentration of businesses, commercial vehicle fleets, and consumers in Java leads to a higher demand for commercial vehicle tires compared to other Indonesian regions. The continuous economic development and urbanization in Java ensure that this trend is likely to persist, maintaining its position as the dominant region in the commercial vehicle tire market in Indonesia in 2023.

Key Market Players

PT Gajah Tunggal Tbk

PT Bridgestone Tire Indonesia

PT Sumi Rubber Indonesia

Hankook Tire & Technology

Pirelli Tyre S.p.A

Goodyear Tire and Rubber Company

PT Continental Tyres Indonesia

YHI Indonesia, PT.

Toy%li%Tires Indonesia

PT Michelin Indonesia

Report Scope:

In this report, the Indonesia Commercial Vehicle Tire Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

· Indonesia Commercial Vehicle Tire Market, By Vehicle Type:

Light Commercial Vehicle

Medium Commercial Vehicle

Heavy Commercial Vehicle

· Indonesia Commercial Vehicle Tire Market, By Application:

OEM Construction,

Mining

Agriculture

Transport

Others

· Indonesia Commercial Vehicle Tire Market, By Demand Category:

OEM

Replacement

· Indonesia Commercial Vehicle Tire Market, By Region:

Java

Sumatra

Sulawesi

Kalimantan

Rest of Indonesia

Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the Indonesia Commercial Vehicle Tire Market.

Available Customizations:

Indonesia Commercial Vehicle Tire Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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