Automotive Components

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The automotive components industry comprises the 'tier 1' and 'tier 2' suppliers that provide the components that end up in vehicles across the world.

Historical development

1887

Aged 25, Robert Bosch created the first low-voltage magneto ignition engine for stationary petrol engines in 1887.

The components industry is heavily reliant on R&D. Experts predict cars without a human driver will be commercially viable in 2025.

This is an increasingly global market, with global platforms expected to account for 74% of the world's light vehicle production by 2019, up from 64% in 2013.

The industry today

The automotive components industry is highly fragmented, with numerous small suppliers. Indeed, the top four companies in the market represent 9.4% of industry revenue.

Major applications of the automotive components:

Powertrain

Automotive Electrical/Electronics

Chassis

Major players in the industry

The industry today is worth around USD$700bn, which is predicted to rise to $1,000bn in 2020.

1 million

China broke the 1 million car threshold in 2002, and broke the 2 million car threshold just one year later.

The top three companies: DENSO BOSCH Continental

The future for the industry

› After a few turbulent years following the recent global recession, the automotive components industry has seen strong growth of 7.2% between 2009 and 2014, which has been driven by a growth in global car production.

3.3 million people

The automotive components industry employs around 3.3 million people across the globe.

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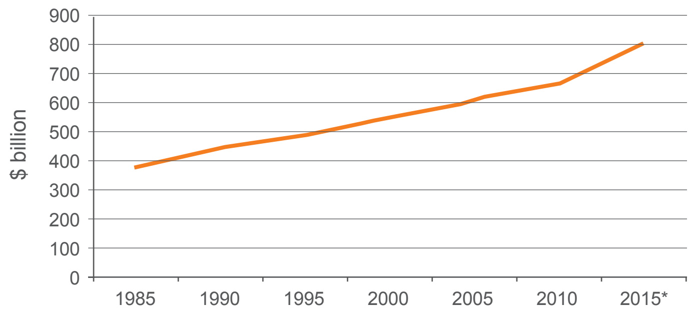
CO_2 & emissions legislation, and safety regulations, are big drivers of innovation in this sector, as companies strive to meet ever more challenging demands.

Size of automotive supplier market worldwide from 1985 to 2015



The automotive components market has seen steady growth over the years, in line with growth in car purchase. This continues to increase as China and India's appetite for vehicles increases.

Insight

Vehicle ecosystems have become increasingly 'open' in recent years, meaning more smaller organisations can challenge the status-quo of existing suppliers.

› Connectivity and infotainment in vehicles will develop rapidly over the coming decade driven by many new entrants.

› There could be opportunities for nimble and innovative suppliers to win business from some of the long-established, more process-driven suppliers.

› Opportunity to sell several components across sub-categories and sell solutions, rather than commoditised components.