
The race to secure the Southeast Asian automotive market

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- In 2023, new electric vehicle (NEV) sales in Southeast Asia grew by 199% to 134,000 units
- The electric vehicle market is still relatively untapped and barriers to adoption differ from market to market
- JATO Dynamics' new report provides an overview of the Southeast Asian market, potential barriers facing OEMs entering each country, and what they must know to succeed

Although relatively early in its electrification journey, Southeast Asia is experiencing growing demand for new electric vehicles (NEVs). According to JATO Dynamics' new report "Driving Change", 2023 sales of NEVs reached 134,000 units in the region, and grew by 199%, thanks to strong demand across Thailand, Vietnam, Indonesia, and Malaysia.

Until recently, slower adoption rates in the region have partly been due to a lack of innovation from current OEMs supplying Southeast Asia. For instance, where Japanese brands once dominated the region with internal combustion engine (ICE) vehicles, they are now on the backfoot due to a lack of EV models.

This has given Chinese manufacturers ample opportunity to fill the void. In 2023, the top five players - accounting for nearly 64% of total market share of the Southeast Asian market - were BMW, MG, Vinfast, NETA, and BYD. Similarly, among the top 10 NEV models, Chinese brands accounted for 80% of the market share with BYD dominating overall.

Bo Yu, Country General Manager at JATO Greater China, said: "The dominance emerging from Chinese OEMs for NEV sales in the Southeast Asian market will only continue to grow as consumer demand increases and brand reputation strengthens in the region."

Across the market, SUVs and sedans continue to hold consumer appetite, with premium sedan models favoured above all. While the SUV segment has traditionally been dominated by premium vehicles from BMW, Volvo, and Tesla, Chinese mass brands such as BYD, MG and NETA are now gaining significant traction.

As most consumers in the region are not affiliated to specific brands, it is more than likely that they will welcome new Chinese brands. For instance, a recent [consumer report](#) by Deloitte, showed that only 32% of Southeast Asian drivers choose a vehicle on brand familiarity.

Despite the opportunity that this presents, product quality (62%), vehicle performance (57%), and price (54%) were also shown as the top three most important factors for Southeast Asian consumers when choosing their next vehicle, meaning Chinese OEMs must consider and tackle these aspects when developing their strategies for market entry.

Yu continued: "It will not be a one-size-fits-all approach for Chinese OEMs to launch into the Southeast Asian market. On a macro level, incentives are the biggest factors driving the region's NEV market. While, at a micro product level, customers in Southeast Asia are relatively price sensitive.

With incentives, uptake and education varying in each region, individual strategies must be developed for each market if OEMs have a real chance to succeed."

To read the full report, 'Driving Change: Opportunities and Barriers for Chinese Automakers Entering the Southeast Asian Market', you can access it [here](#).



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