

Rising EV and ADAS Adoption to Drive Automotive Chip Market to \$121.3 Billion by 2031

Automotive chips are at the heart of the shift toward electric, connected, and autonomous vehicles, driving innovation across the mobility ecosystem.

WILMINGTON, DE, UNITED STATES, August 19, 2025 /EINPresswire.com/ -- According to a new report published by Allied Market Research, titled, "Automotive Chip Market by Product (Microcontrollers, Logic ICs, Analog ICs, Sensor, Others), by Application (Powertrain, Body Electronics, Safety Systems, Chassis, Telematics and Infotainment Systems), by Propulsion

Type (ICE Vehicles, Electric Vehicles): Global Opportunity Analysis and Industry Forecast, 2021 - 2031" The global automotive chip market size was valued at \$49.8 billion in 2021, and is projected to reach \$121.3 billion by 2031, growing at a CAGR of 9.6% from 2022 to 2031.

The automotive chip market plays a pivotal role in powering advanced vehicle technologies, ranging from infotainment and navigation to powertrain, safety, and autonomous driving systems. With the rise of electric vehicles (EVs), connected cars, and intelligent transportation systems, automotive chips have become integral to enabling efficiency, safety, and enhanced driving experiences. Increasing digitization of vehicles and demand for real-time data processing are driving significant growth in this market.

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The automotive chip market is driven by the rapid adoption of electric and hybrid vehicles, where chips are essential for battery management, energy efficiency, and performance optimization. Growing environmental concerns and government initiatives to promote green mobility have accelerated this trend.



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Another key driver is the surge in demand for advanced driver-assistance systems (ADAS) and autonomous vehicles. Automotive chips power cameras, sensors, and AI-based processors that enhance driver safety, support navigation, and enable automation.

Furthermore, the growing adoption of connected cars has created demand for chips that support real-time data communication, infotainment, and cybersecurity. Integration of 5G technology is expected to further propel the need for high-performance automotive chips.

However, market growth faces challenges such as global semiconductor shortages, supply chain disruptions, and the high cost of advanced chips. These issues have impacted automakers worldwide, creating bottlenecks in production.

On the opportunity side, continuous advancements in semiconductor technologies, including system-on-chip (SoC) designs and AI-driven processors, are expected to expand applications of automotive chips across future mobility solutions, including shared, connected, autonomous, and electric (CASE) vehicles.

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The [automotive chip market analysis](#) is segmented into product, application, propulsion type, and region. By product, the market is classified into microcontrollers, logic ICs, sensors, analog ICs, and others. By application, it is bifurcated into powertrain, body electronics, safety systems, chassis, and telematics & infotainment systems. By propulsion type, it is segregated into ICE vehicles, and electric vehicles. Region-wise, the market is analysed across North America, Europe, Asia-Pacific, and LAMEA.

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Asia-Pacific dominates the automotive chip market due to the presence of major automotive manufacturers in China, Japan, and South Korea, combined with the region's strong semiconductor ecosystem. The surge in electric vehicle adoption in China significantly contributes to market growth.

North America and Europe are also significant markets, driven by strong regulatory frameworks supporting electric mobility, high adoption of connected car technologies, and investments in autonomous driving research. Meanwhile, emerging markets in Latin America and the Middle East are gradually adopting advanced automotive technologies, creating new growth avenues.

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The competitive landscape of the automotive chip market is highly dynamic, with leading players

such as Texas Instruments Incorporated, Robert Bosch GmbH, Toshiba Corporation, STMicroelectronics, Analog Devices, Inc., NXP Semiconductors, Renesas Electronics Corporation., ROHM CO., LTD, Infineon Technologies AG, NVIDIA Corporation dominating global supply. These companies focus on innovations in automotive-grade chips and collaborations with automakers to meet evolving vehicle requirements.

In addition, new entrants and technology firms are entering the market with AI-powered processors and customized semiconductor solutions for electric and autonomous vehicles. Strategic partnerships, mergers, and acquisitions are common strategies adopted to strengthen product portfolios and expand market presence globally.

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- The growing adoption of EVs and hybrid vehicles is a major driver of demand for automotive chips.
- ADAS and autonomous vehicle applications represent the fastest-growing segments.
- Semiconductor shortages continue to challenge supply chains and impact automaker production.
- Asia-Pacific leads the market, while North America and Europe show strong growth potential.
- Continuous advancements in SoC, AI chips, and 5G-enabled automotive processors are shaping the future of the industry.

David Correa

Allied Market Research

+15038946022 ext.

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