

# AI In Automotive And Transportation Market to Grow at 18.1% CAGR from 2025-2029

*The Business Research Company's AI In Automotive And Transportation Market to Grow at 18.1% CAGR from 2025-2029*

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What Is The [AI In Automotive And Transportation Market Size](#) And Growth?

The artificial intelligence market in the automotive and transportation sector has been rapidly expanding in the past few years. It is projected to increase from \$11.88 billion in 2024 to \$14.17 billion in 2025, with a compound annual growth rate (CAGR) of 19.3%. Several factors have contributed to this significant growth in the historic period, including progress in sensor technology, the emergence of connected vehicles, breakthroughs in machine learning and deep learning techniques, industrial collaboration and partnerships, as well as a trend towards mobility services.

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It will grow to \$27.57 billion in 2029 at a compound annual growth rate (CAGR) of 18.1%.”

*The Business Research  
Company*

The AI market in the automotive and transportation sector is set to experience a significant increase in the coming years, reaching a valuation of \$27.57 billion in 2029, with a noteworthy compound annual growth rate (CAGR) of 18.1%. Various factors including advancements in autonomous driving technology, the popularity and production of electric and interconnected vehicles, urbanization and the concept of smart cities, economic elements and global trends, and the customer preference for safety and comfort, contribute to the predicted growth during the forecast period. Key trends expected to shape the forecast period are the merging of AI with vehicle-to-everything (V2X) communication, the utilization of edge computing in AI, opportunities in data monetization, the integration of urban air mobility (UAM), and novel developments in human-machine interaction (HMI).

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### What Are The Current Leading Growth Drivers For AI In Automotive And Transportation Market?

The AI in automotive and transportation market is predicted to grow as the demand for autonomous vehicles intensifies. Defined as vehicles that operate independently thanks to features like sensors, cameras, and artificial intelligence, autonomous vehicles are gaining popularity for their potential to boost safety, amplify convenience, and enhance transportation efficiency. With AI, these vehicles can process sensor data to understand their surroundings in real time, and make decisions that ensure safe, efficient navigation without human input. For example, a study released by the Insurance Institute for Highway Safety, a non-profit organization in the US, predicted in December 2022 that there'll be 3.5 million autonomous vehicles on American roads by 2025, and this number will rise to 4.5 million by 2030. Consequently, it's these growing figures that are fuelling the expansion of the AI in automotive and transportation market.

### Which Companies Are Currently Leading In The AI In Automotive And Transportation Market?

Major players in the AI In Automotive And Transportation Global Market Report 2025 include:

- Alphabet Inc.
- Toyota Motor Corporation
- Microsoft Corporation
- Bayerische Motoren Werke AG
- Robert Bosch GmbH
- Tesla Inc.
- Siemens AG
- Intel Corporation
- International Business Machines Corporation (IBM)
- AUDI AG

### What Are The Main Trends, Positively Impacting The Growth Of AI In Automotive And Transportation Market?

Leading companies in the AI in automotive and transportation markets are launching innovative and technologically superior products like vehicle search tools, aiming to secure a prominent position in this competitive market landscape. Vehicle search tools are essentially electronic devices or software specifically designed to diagnose, reprogram, and interact with the vehicle control modules within the automotive and transportation sector. For example, in February 2024, Rodo, a company specializing in automotive technology in the US, unveiled a vehicle search tool empowered by AI. This extraordinary tool revolutionizes the process of vehicle search by delivering unprecedented comfort and straightforwardness, enabling customers detailed insights into competitively priced vehicles on the internet. The tool provides customers with immediate, tailored results and competitive pricing, imitating the in-shop encounter between a customer and a sales agent. Using its cutting-edge AI technology, the platform caters to specific queries raised by the customers, guaranteeing prompt responses while enabling an intelligent,

quicker process of vehicle discovery.

How Is The AI In Automotive And Transportation Market Segmented?

The ai in automotive and transportation market covered in this report is segmented –

1) By Offering: Hardware, Software

2) By Technology: Machine Learning, Natural Language Processing, Computer Vision, Context-Aware Computing, Other Technologies

3) By Application: Human Machine Interface, Driver Monitoring, Driver Or Identity Authentication, Autonomous Driving Processing Chips, Intelligent Traffic Management System

Subsegments:

1) By Hardware: Sensors (LiDAR, Cameras, Radar), Processing Units (AI Chips, Embedded Systems), Actuators, Connectivity Modules (V2X Communication Devices), Power Management Devices

2) By Software: AI-Based Algorithms (Machine Learning Models For Perception, Decision-making), Autonomous Driving Software, Simulation Software, Data Analytics Software, Fleet Management And Optimization Software, Cloud-Based AI Platforms

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Which Is The Dominating Region For The AI In Automotive And Transportation Market?

In the AI in Automotive and Transportation Global Market Report 2025, North America led as the biggest market in 2024 and is expected to continue its growth. The report encompasses various regions including Asia-Pacific, Western Europe, Eastern Europe, South America, Middle East, and Africa.

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