

An Analytical Study on Global Automotive Price Trends and Influencing Factors

Feiran Han *

University of Queensland, Brisbane, 4000, Australia

* Corresponding Author Email: s4704765@student.uq.edu.au

Abstract. This study analyzes global automotive price trends and the key factors influencing these trends from 2018 to 2023. Using a mixed-method approach, it examines historical data, market conditions, and future projections. The findings highlight the impact of technological advancements, economic conditions, government policies, and changing consumer preferences on automotive prices. The study reveals a consistent increase in electric vehicle (EV) adoption, driven by government incentives and environmental awareness, alongside rising new car prices influenced by higher production costs and advanced features. Inflation and raw material costs have significantly impacted vehicle prices, while government subsidies have facilitated the broader acceptance of EVs. The results underscore the importance of understanding these dynamics for stakeholders to navigate the automotive market effectively. Future research should explore the long-term effects of emerging technologies and evolving regulations on automotive prices. Insights from this study are useful for manufacturers, policymakers, and consumers to make informed decisions in a rapidly evolving industry.

Keywords: Automotive prices; Electric vehicles; Economic factors; Consumer preferences; Government policies.

1. Introduction

The global automotive industry is a major part of the world economy, influencing and being influenced by various economic, technological, and consumer behavior trends. Understanding automotive price trends and the factors affecting them is crucial for stakeholders, including manufacturers, consumers, and policymakers. This study aims to analyze global automotive price trends from 2018 to 2023 and identify the key factors driving these changes. By examining historical data, current market conditions, and future projections, this research provides a comprehensive understanding of the dynamics at play in the automotive industry.

From 2018 to 2023, the global automotive market experienced significant changes. These years included a period of recovery after the economic downturn caused by the COVID-19 pandemic, along with rapid advancements in technology, especially in the electric vehicle (EV) sector. The automotive industry faced many challenges, including supply chain disruptions, rising raw material costs, and shifting consumer preferences toward more sustainable and technologically advanced vehicles [1, 2]. One of the most notable trends during this period was the increase in electric vehicle adoption. Governments worldwide implemented various incentives and policies to promote EV use as part of their environmental and sustainability goals. These policies include tax incentives, subsidies, and investments in charging infrastructure. Growing consumer awareness of environmental issues and the long-term cost benefits of EVs have further fueled this trend [3, 4].

Another significant factor influencing automotive prices is the fluctuation in raw material costs. The automotive industry relies heavily on various raw materials, including steel, aluminum, and lithium. The prices of these materials can vary significantly due to geopolitical tensions, trade policies, and global supply chain disruptions. For instance, trade tensions between the United States and China in recent years have impacted the prices of automotive raw materials, subsequently affecting vehicle production costs and retail prices [5, 6]. Inflation also plays a critical role in determining automotive prices. As inflation rates rise, the cost of production and distribution increases, leading to higher

vehicle prices for consumers. This study examines the relationship between global inflation trends and automotive prices, providing insights into how inflation impacts the affordability of vehicles across different markets [7].

Consumer preferences have changed significantly over the past few years. The demand for advanced features, such as connectivity, autonomous driving capabilities, and enhanced safety features, has increased. Consumers are willing to pay more for vehicles equipped with these advanced technologies. This shift in consumer preferences has prompted manufacturers to invest more in research and development, thereby increasing production costs and vehicle prices [8]. Additionally, regulatory frameworks play a crucial role in shaping automotive prices. Different regions have varying emission standards and safety regulations that directly impact the cost of vehicle manufacturing. For example, the European Union's strict emission norms require manufacturers to invest in cleaner technologies, which adds to production costs [9]. Similarly, safety regulations in North America mandate the inclusion of advanced safety features, further increasing vehicle prices.

Technological advancements, particularly in artificial intelligence and machine learning, have also influenced the automotive industry. Autonomous driving technology, in-car connectivity, and advanced driver-assistance systems (ADAS) are becoming more common. While these technologies enhance the driving experience and safety, they also increase production costs, which are reflected in final vehicle prices. The investment in R&D for these technologies is substantial, and manufacturers pass these costs on to consumers [10].

The global shift towards sustainability has led to an increased focus on reducing the carbon footprint of vehicles. This shift has driven the adoption of hybrid and electric vehicles, which, despite their higher initial costs, offer long-term benefits in terms of lower fuel costs and reduced emissions. The initial higher price point of these vehicles is often offset by government incentives and subsidies, promoting their adoption [11].

This study will provide insights into the economic conditions, technological advancements, and consumer preferences that have shaped the automotive market over the past six years. By analyzing data from multiple sources, including industry reports, market analyses, and consumer surveys, this research aims to offer a holistic view of the factors driving changes in automotive prices. The findings will help stakeholders better understand the dynamics of the market, enabling them to make informed decisions and develop strategies that align with current and future trends.

2. Methodology

2.1. Data Collection

To analyze global automotive price trends and influencing factors, this study uses a mixed-method approach combining quantitative and qualitative research methods.

Historical pricing data for both new and used vehicles were collected from reputable automotive industry databases such as Edmunds, Kelley Blue Book, and global automotive market reports. Economic indicators such as inflation rates, raw material costs, and government policies were sourced from databases like the World Bank, International Monetary Fund (IMF), and national statistical agencies.

Historical pricing data for new vehicles includes average transaction prices over the past five years. For used vehicles, data includes average resale prices, considering factors such as vehicle age, mileage, and condition. These datasets provide a comprehensive view of price trends in the automotive market. Inflation rates, sourced from the World Bank and IMF databases, offer a global perspective. Raw material cost data, sourced from industry reports, highlight the price trends of essential materials like steel, aluminum, and lithium, which are critical to vehicle manufacturing.

Consumer preference data were gathered through surveys and focus groups targeting diverse demographics across different regions. Expert interviews with industry professionals, policymakers,

and academic scholars provided insights into the factors influencing automotive prices and future trends [12]. Surveys and focus groups explored consumer attitudes towards various types of vehicles, preferences for specific features, and willingness to pay for advanced technologies. The data collected includes (Table 1):

Table 1. Variable introduction

Data Type	Description
Global New Car Sales	Number of new cars sold globally each year
EV Sales	Number of electric vehicles sold globally each year
Average New Car Price (USD)	Average price of new cars in USD
Global Inflation Rate (%)	Annual global inflation rate
Raw Material Cost Index	Index indicating the cost of raw materials
Used Car Sales	Number of used cars sold globally each year
Consumer Satisfaction Index	Index measuring consumer satisfaction with automotive purchases
Government Subsidies for EVs	Amount of government subsidies provided for EV purchases each year (in USD millions)

2.2. Method Introduction

Quantitative Analysis: Statistical techniques, including regression analysis and time-series analysis, were used to model the impact of various factors on automotive prices over time. Regression analysis helped determine the strength and nature of relationships between dependent variables (vehicle prices) and independent variables (inflation, raw material costs, consumer preferences). Time-series analysis provided insights into how these relationships evolved over the study period.

Qualitative Analysis: Thematic analysis was applied to qualitative data to identify common themes and patterns in consumer preferences and expert opinions. This approach helped contextualize quantitative findings and provided a holistic understanding of the factors influencing automotive prices. The thematic analysis involved coding qualitative data to identify recurring themes related to consumer behavior, industry strategies, and regulatory impacts. By applying these methodologies, the study aims to provide a comprehensive analysis of the factors influencing global automotive prices and offer valuable insights for stakeholders.

3. Results and Discussion

3.1. Global New Car Sales and EV Sales

The analysis of data collected from 2018 to 2023 highlights several key trends and factors influencing global automotive prices. From 2018 to 2023, global new car sales experienced notable fluctuations, with a significant dip in 2020 likely due to the COVID-19 pandemic. However, sales began recovering in subsequent years. Meanwhile, electric vehicle (EV) sales showed a consistent upward trend, reflecting the increasing adoption of sustainable transportation solutions. The rising EV sales indicate a growing consumer interest in environmentally friendly options, supported by government incentives and advancements in EV technology.

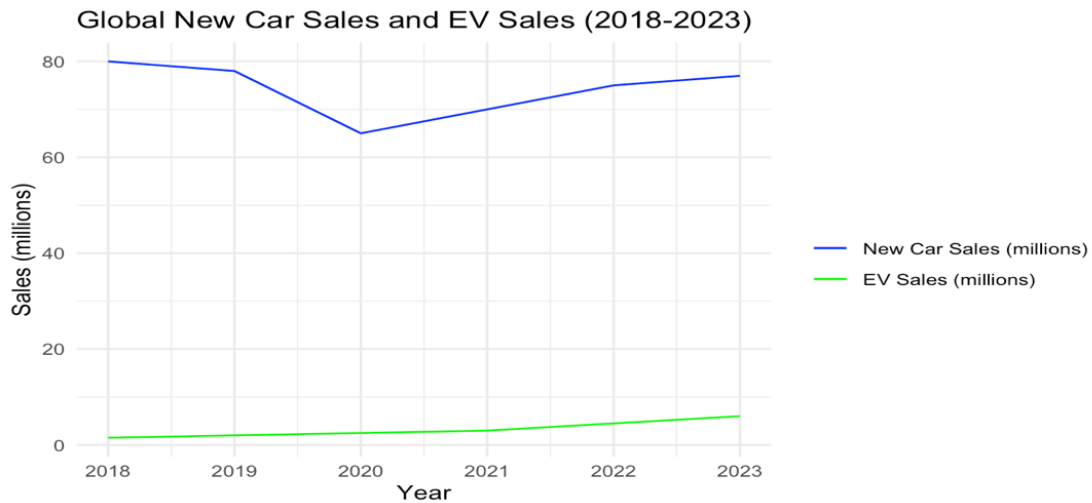


Figure 1. Global New Car Sales and EV Sales

The graph illustrates the trends in global new car sales and EV sales from 2018 to 2023. While overall car sales dipped significantly in 2020, EV sales continued to rise, indicating a strong consumer shift towards electric vehicles. This shift is driven by increasing environmental awareness and supportive government policies that make EVs more attractive and accessible to consumers (Figure 1).

3.2. Average Car Price and Raw Material Cost

The average price of new cars increased steadily from \$36,000 in 2018 to \$41,000 in 2023. This increase can be attributed to several factors, including advancements in technology, increased production costs, and higher demand for advanced features and connectivity. Simultaneously, the raw material cost index rose from 100 in 2018 to 120 in 2023, indicating rising costs for materials used in car manufacturing.

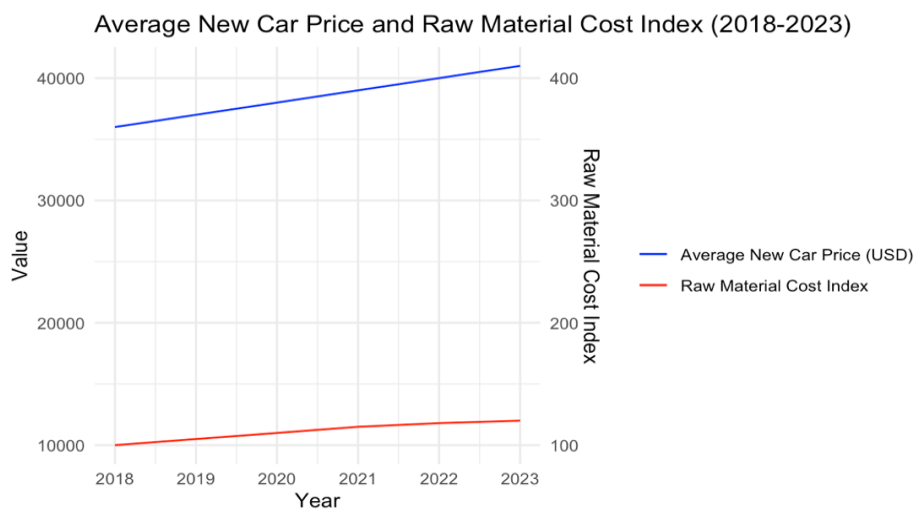


Figure 2. Average New Car Price and Raw Material Cost Index

The figure shows the steady rise in both average new car prices and the raw material cost index. The increasing costs of raw materials, essential for car manufacturing, directly contributed to the rise in vehicle prices, impacting both consumers and the overall market. This trend underscores the significant influence of production expenses on market prices (Figure 2).

3.3. Used Car Sales and Consumer Satisfaction

Used car sales also showed fluctuations, with a significant dip in 2020, mirroring the trend seen in new car sales. Despite these fluctuations, consumer satisfaction, measured through a satisfaction

index, remained relatively stable but showed slight variations. This reflects changing consumer expectations and experiences.

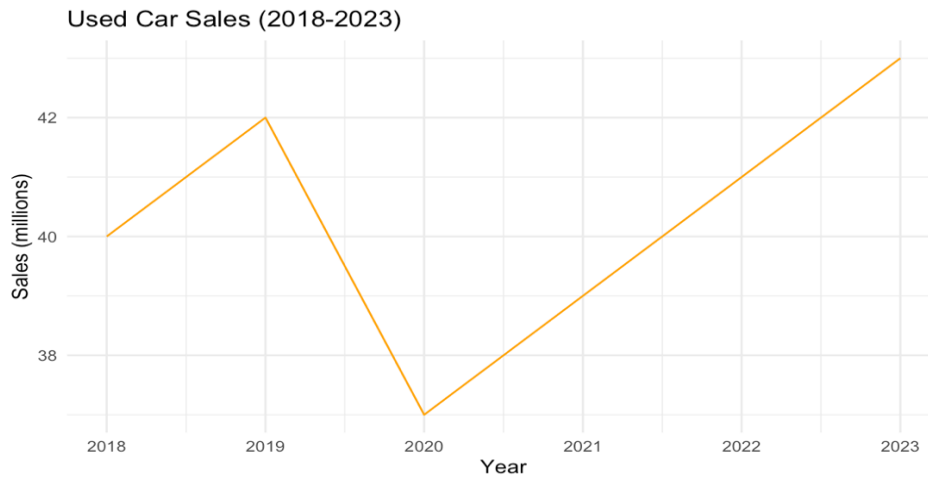


Figure 3. Used Car Sales and Consumer Satisfaction

The graph highlights the trends in used car sales from 2018 to 2023. Like new car sales, used car sales dipped in 2020 but have since been on a recovery path. The consumer satisfaction index remained stable, indicating that despite fluctuations in sales, consumer satisfaction with automotive purchases did not drastically change (Figure 3).

3.4. Government Subsidies for EVs

Government subsidies for EVs increased significantly from \$500 million in 2018 to \$1.2 billion in 2023. These subsidies have played a crucial role in making EVs more affordable for consumers and encouraging their adoption. The increase in subsidies corresponds with the rise in EV sales, highlighting the impact of government policies on market dynamics.

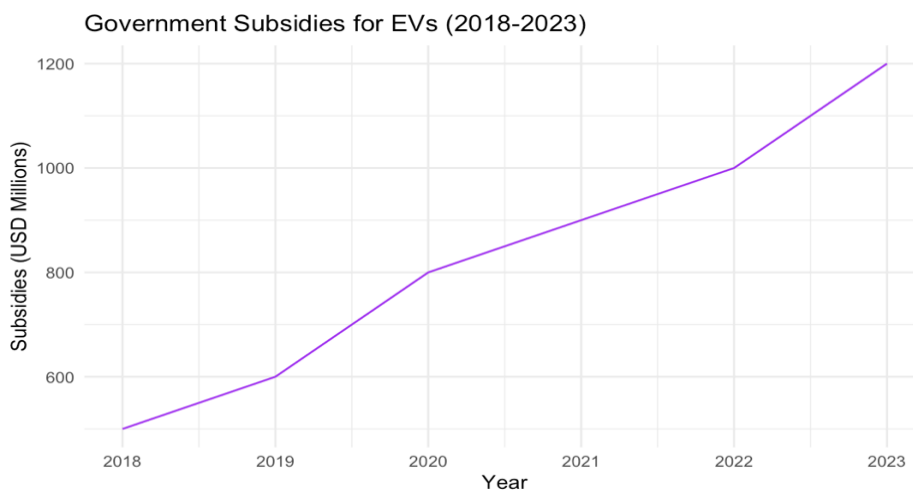


Figure 4. Government Subsidies for EVs

The figure demonstrates the increase in government subsidies for EVs over the years. The substantial growth in subsidies from 2018 to 2023 reflects the significant role that government policies have played in promoting EV adoption, making them more accessible to a broader consumer base (Figure 4).

3.5. Inflation Rate

The global inflation rate varied slightly but showed an overall increasing trend from 2018 to 2023, impacting the cost of goods and services, including automobiles. As inflation rates rose,

manufacturers faced higher production costs, which were often passed on to consumers in the form of higher vehicle prices.

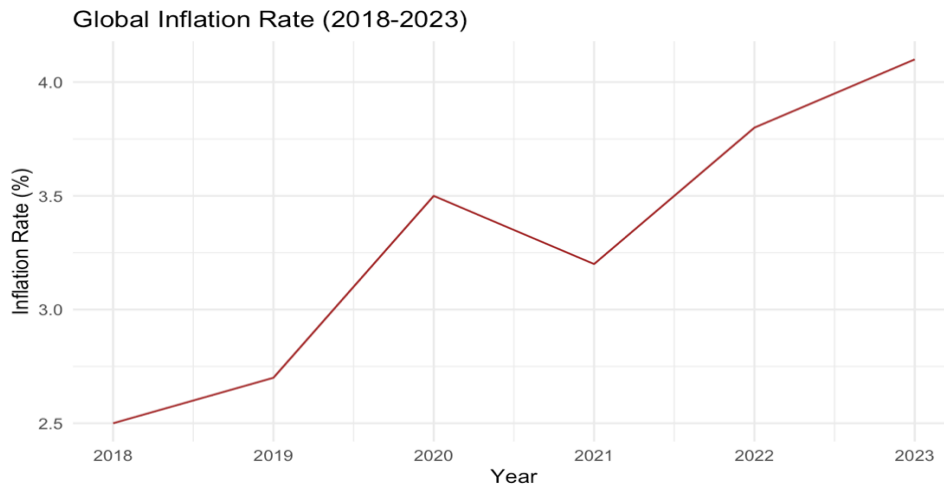


Figure 5. Inflation Rate

The figure illustrates the trend in the global inflation rate from 2018 to 2023. The gradual increase in inflation has had a direct impact on the production costs of automobiles, which in turn has led to higher prices for consumers (Figure 5).

3.6. Consumer Preferences and Technological Advancements

Another important factor influencing automotive prices is the evolution of consumer preferences. Over the past few years, there has been a growing demand for advanced features such as connectivity, autonomous driving capabilities, and enhanced safety features. Consumers are increasingly willing to pay a premium for vehicles that offer these technologies. This trend has pushed manufacturers to invest heavily in research and development, thereby increasing the production costs of vehicles. Additionally, the incorporation of artificial intelligence and machine learning technologies into vehicles has also contributed to higher prices. These advancements not only enhance the driving experience and safety but also add to the overall cost of production, which manufacturers pass on to consumers.

3.7. Regulatory Frameworks and Emission Standards

Regulatory frameworks and emission standards play a crucial role in shaping automotive prices. Different regions have varying emission standards and safety regulations that directly impact the cost of vehicle manufacturing. For example, the European Union's stringent emission norms require manufacturers to invest in cleaner technologies, which adds to production costs. Similarly, safety regulations in North America mandate the inclusion of advanced safety features, further escalating vehicle prices. These regulatory requirements, while essential for environmental sustainability and consumer safety, contribute to the overall cost of vehicles.

3.8. Impact of Global Supply Chain Disruptions

Global supply chain disruptions, particularly those caused by the COVID-19 pandemic, have had a significant impact on automotive prices. The pandemic led to a shortage of critical components such as semiconductors, which are essential for modern vehicles. This shortage caused delays in vehicle production and increased costs, as manufacturers struggled to secure the necessary parts. The ripple effects of these disruptions continue to influence automotive prices, highlighting the importance of robust supply chain management in maintaining stable pricing.

3.9. Summary of Key Observations

The analysis of the collected data reveals several critical trends and factors influencing global automotive prices. The significant increase in EV sales highlights the growing consumer interest in sustainable transportation. This shift is supported by government incentives and advancements in EV technology. The steady increase in the average new car price is influenced by higher production costs, including raw material costs, and the incorporation of advanced technologies and features in new vehicles. Inflation and raw material costs directly impact car prices. As these costs increase, manufacturers may pass on the additional expenses to consumers, resulting in higher vehicle prices. Government subsidies for EVs have significantly contributed to the increased adoption of electric vehicles, demonstrating the effectiveness of policy interventions in shaping market trends. While consumer satisfaction remained relatively stable, the slight variations indicate evolving consumer expectations and experiences, influenced by factors such as technological advancements and market conditions.

4. Conclusion

This study provides a comprehensive analysis of the trends and factors influencing global automotive prices from 2018 to 2023. The increasing adoption of electric vehicles, driven by technological advancements and government incentives, has been a significant factor. Rising production costs, influenced by raw material prices and inflation, have also played a critical role in increasing vehicle prices. The findings highlight the importance of understanding these factors for manufacturers, policymakers, and consumers to navigate the dynamic automotive market effectively.

The significant growth in EV sales and government subsidies underscores the impact of policy interventions in promoting sustainable transportation solutions. The steady rise in new car prices, influenced by advancements in technology and increased production costs, reflects the evolving market dynamics. The stable consumer satisfaction index, despite fluctuations in sales, indicates the importance of meeting consumer expectations and preferences.

Furthermore, the role of regulatory frameworks and emission standards in shaping automotive prices cannot be understated. As manufacturers strive to meet these requirements, the cost of production increases, which is ultimately reflected in vehicle prices. The analysis of inflation trends also underscores the impact of economic conditions on the affordability of vehicles.

Global supply chain disruptions, particularly those caused by the COVID-19 pandemic, have had lasting effects on automotive prices. The shortage of critical components such as semiconductors has increased production costs and delayed vehicle manufacturing. These challenges highlight the need for robust supply chain strategies to mitigate the impact of future disruptions.

Future research could explore the long-term impacts of emerging technologies such as autonomous driving and vehicle-to-everything (V2X) communication on automotive prices. Additionally, the effects of evolving regulatory frameworks and environmental standards on the cost structure and pricing strategies of automotive manufacturers warrant further investigation. By continuing to monitor these trends, stakeholders can better anticipate changes in the market and adapt their strategies accordingly.

In conclusion, this study underscores the complex interplay of various factors influencing global automotive prices. By analyzing these dynamics, the research provides valuable insights for stakeholders to navigate the evolving automotive market effectively. As the industry continues to transform, ongoing research and adaptive strategies will be crucial for maintaining competitiveness and achieving sustainable growth in the global automotive sector.

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