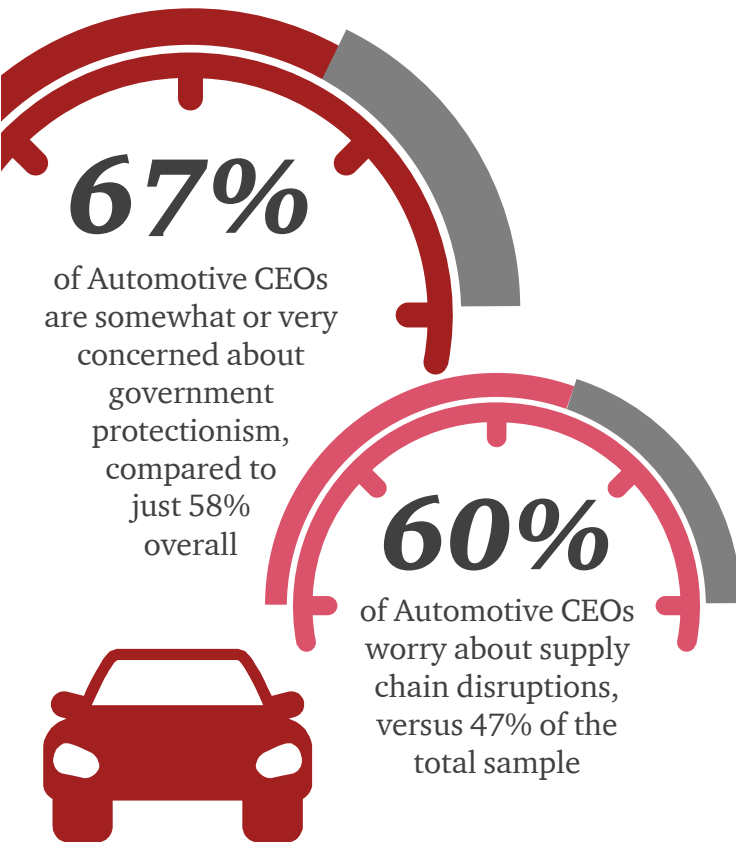


## Operating in a market without boundaries



### Moderate expectations

Automotive CEOs are fairly pessimistic about the economic outlook: 50% believe the economy will stay the same this year. Only 31% think it will improve.

Even so, automotive CEOs are relatively confident of generating higher revenues in the short- and longer-term: 75% expect to do so in the next 12 months, and 92% in the next three years. They have their sights set on China, the US and Germany, in that order, as sources of growth.

### Potential potholes in the road ahead

So what could overturn their plans? Like other CEOs, Automotive CEOs are deeply concerned about the risk of over-regulation. They also worry about finding people with the right skills, how indebted governments will manage their fiscal deficits and geopolitical upheavals.

The disruptive potential of colliding megatrends is further cause for anxiety. Automotive CEOs are particularly nervous about how shifts in customer behaviour (59%) and greater competition (57%) could transform their industry over the next five years. And over half worry that changes in regulation will have a disruptive impact.

### Entering adjacent or entirely new sectors

Still, automotive CEOs are somewhat less concerned about new rivals from adjacent industries invading their space. Only 47% expect more competition from companies in other sectors over the next three years (versus 56% of the total sample). Those who do, point to the technology sector as the most probable source of new competition. Yet 30% of automotive CEOs have already entered a new industry themselves, while 23% have considered doing so. Such pioneers express particular interest in the industrial manufacturing and energy, utilities and mining sectors (29% and 22%, respectively) and are likely to be component suppliers looking to leverage technology in other sectors.

### Questions to ponder

- Who are your real competitors? Could new entrants from other sectors invade your market?
- What's the true value you're generating for your stakeholders? How can you increase it?

## Seeking new ways to compete

### Drawing on the power of digital

Automotive CEOs place particular weight on data mining and analysis (83%), mobile technologies for engaging with customers (77%) and tools for boosting cybersecurity (77%). They also attach more importance to new battery and power technologies than CEOs in other sectors (68% versus 47%). And they are more actively exploring the potential of robotics (53% versus 37%). But they are increasingly anxious about the pace of technological change: 55% now worry about keeping abreast of new technologies, compared to 49% last year.

That said, automotive CEOs recognise the value digital technologies can deliver. They say the main benefits include making better use of the data they collect (90%), achieving operational improvements (89%) and enhancing the customer experience (82%). However, a clear vision of how digital technologies can achieve competitive advantage is essential to maximise the return on investment, as is a CEO who personally champions the use of digital technologies and a solid plan for implementation.

### Diverse alliances and new ways of working

A third of all automotive CEOs plan to form a new alliance or joint venture this year, primarily with suppliers, customers and firms from other industries. But only 34% of them are teaming up with a competitor or considering it, compared to 50% of the overall sample. Their main reasons for collaborating include getting access to new technologies (50%), new customers (42%) and new geographic markets (41%).

Around half of all automotive CEOs plan to increase headcount this year – and they're looking for people with a broader range of skills than before. But the shortage of suitably qualified candidates is a serious concern: 76% are worried about the availability of key skills, up from 60% last year.

### Questions to ponder

- What are you doing to evaluate the impact of digital technologies on your stakeholders?
- Where are you looking for new talent? Should you be looking further afield?



“With the technology shifts and technology implementation that we’re seeing today, it’s important for every organisation to be prepared. And if you’re not, there could be a technology shift that you miss.”

*Olof Persson, President & CEO, The Volvo Group*

### Get in touch with us!

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