

The auto industry will face its biggest disruption yet

By Jeff Osborne

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The autos industry has always faced massive disruption. The heart of the industry has always been engineering, and advances have shifted the balance of power from one manufacturer to the next for decades. However, for the first time, the auto industry is facing disruption from forces outside their operating environment - notably the way we own and use cars.



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Traditional manufacturers have already begun 'future-proofing' their businesses in preparation for what analysts are calling the imminent '2030 Automotive Revolution'. **Diminishing need for ownership** The diminishing need for ownership has seen the amount of drivers' licenses issued in the developing world dwindle for the first time in history. Ridesharing apps and drivers-on-demand, as well as the release of autonomous vehicles (and in China, autonomous buses) had decreased the need to own and drive a car. By 2030, 10% of all cars sold will be shared. Of course, this does not mean that vehicle manufacturers will become obsolete – but they may very well slowly become fleet operators for consumers. Some experts believe that this could create up to \$1.5 trillion in revenue for manufacturers by 2030 – 30% more than conventional car sales. They have the revenue, the staff and the real estate to pull it off after all. The wear and tear of e-hailing and ridesharing will also increase the need for after-sales service, offsetting the loss of conventional sales. **On-demand mobility services** We must also remember that mobility and sharing is not going to diminish the need for vehicles altogether. In fact, a large component of consumers will use their vehicles to perform services – fetching and delivering goods, running errands and performing other duties for other consumers. The client base will change, and savvy dealerships that form partnerships with on-demand mobility services are likely to win a solid client base. Manufacturers that design specialised cars for this industry – ones that are able to cope with additional mileage, passenger comfort and the transport of diverse goods – will also likely find more and more buyers. Newer, greener technology is also likely to find a large customer base as emissions tax and regulations place pressure on businesses to lower their carbon footprint.

Autonomous vehicles and remote working are also going to open up hard-to-crack rural markets as employees move out of urban hubs and bring business to towns on the outskirts of larger metros – where newly empowered consumers may well prefer private car use for years to come. **Increased competition** The downside, of course, will be increased competition. Until recently, it was virtually impossible for a new manufacturer to enter the well-established auto market with any force –

but surprise competition from the likes of Google and Tesla are proving that cash-rich tech companies may soon topple manufacturing giants. It will be more important than ever for automotive players to become more agile, and to gain customer loyalty. Sales need to streamline and move online, while dealerships should focus on the development of rich ecosystems with large online players. It is a brave, new world but as long as consumers will need to get from A to B, there will be room for automotive vehicles. The way those vehicles will get passengers from A to B will, however, inevitably keep shifting.

ABOUT JEFF OSBORNE

Jeff Osborne heads up the Guntree Automotive Team from their office in Johannesburg. Jeff has decades of experience in the motor industry and served as the CEO of the Retail Motor Industry for 13 years. Jeff is passionate about the automotive space, and is a keen classic car collector.

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