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A high-angle, blurred photograph of a multi-lane highway. The cars are in motion, creating streaks of light and color. The image has a yellow-green tint. A concrete barrier runs along the side of the road.

What Will Kill the Auto Industry? 5 Suspects Revealed



Technology continues to disrupt every industry it touches...

...music, television, retail, telecommunications – the list continues. Airfoil predicts that the auto industry is next on the endangered species list. With autonomous driving on the horizon, will people even need to know how to drive? Most telling are technology companies dipping their toes (and perhaps even some limbs) into automotive waters.

Here are 5 reasons why Airfoil believes the auto industry – as we know it today – will disappear



1

Technology Drives Purchase Decisions

According to a [NASDAQ](#) report, “the advanced technology embedded in today's vehicles is among the biggest driver for sales of new cars and trucks. With the average car on the road at 11.4 years old, many folks are feeling a bit of ‘backup camera envy’ - and they're heading to their local dealers with open checkbooks.” Tech ranks above the vehicle itself in the consumer’s image of the automobile, and that has huge implications for both consumer tech brands and auto brands. Who does tech better? Which leads us to...

2

Technology Needs to Actually Work

While technology sells, it's increasingly bringing down quality and customer satisfaction scores. According to [J.D. Power](#), “Owners view in-vehicle technology issues as significant problems, and they typically don't go away after the ownership honeymoon period is over,” said Renee Stephens, vice president of U.S. automotive at J.D. Power. “Furthermore, early indications from our upcoming 2015 U.S. Tech Choice Study show that vehicle owner expectations of advanced technology capabilities are growing. Owners clearly want the latest technology in their vehicles, and they don't hesitate to express their disapproval when it doesn't work. Their definition of dependability is increasingly influenced by usability.”, said David Sargent, vice president of global automotive at J.D. Power. “However, almost all automakers are struggling to do this flawlessly with some consumers indicating that the technology is hard to understand, difficult to use, or simply does not always work as designed.” This is why we see players like Apple and Google directly competing in the in-vehicle technology space.

3

Silicon Valley Becomes America's Next Motor City

Ford Motor Company's expansion in Silicon Valley is the latest example connecting automakers to the nation's technology heartland, joining BMW and the Renault-Nissan Alliance, among others. That's not to say, however, that Detroit is being passed by. In fact, the Motor City is equal to that of Silicon Valley in terms of tech industry jobs, according to a recent Automation Alley research study. Combining those jobs with its history in automotive and vast manufacturing infrastructure, Detroit's drive to work with the Valley will lead to a massive shake-up in the auto industry.

4

Consumer Behavior Disrupts Dealership Structures

Consider this. A car or truck is sold every 5 minutes on eBay via mobile. Toyota is experimenting with online buying that allows no-nonsense Millennials to purchase and arrange financing for a new model online before finalizing the sale through the dealer. Tesla continues to fight dealer franchise laws to sell direct to consumers and wants to disrupt the current retail model. Convenience is king, and the mobile experience reigns the kingdom.



5

Autonomous Driving by 2025

Google predicts that by 2025 we will see fully autonomous vehicles arrive in meaningful numbers. And, according to Boston Consulting Group, 44 percent of Americans said they would be likely to consider a self-driving car purchase in the next decade. The ability to multi-task on the commute to work, potentially lower insurance costs, and additional safety benefits (Google has claimed its self-driving cars perform better than humans in tests) were features they found most appealing. And they're willing to cough up about \$5,000 for the right technology. This leaves a lot of unanswered questions that could disrupt our transportation sector: Will we need driver's licenses? Will we purchase vehicles, rent them or just hail a pod?



There's no question technology will transform auto as we know it today, with the two industries becoming closer to one another. How will consumers respond to this change? Will they be ready? Education through proactive communications strategies will be key to ensuring consumers are prepared for the future road ahead, and that major brands can keep innovating to meet the changing behaviors.

For more information on how to avoid extinction, please contact Airfoil at info@airfoilgroup.com or call 1-866-AIRFOIL



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