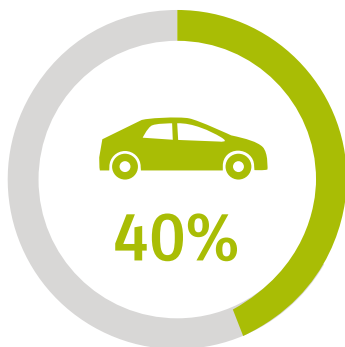


# The future of the automobile industry

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In 2020, 40% of passenger cars will be registered in the new growing markets.

## **How do you assess the development of the automobile sector in 2012?**

2012 was a year with two faces for the automobile sector: On the surface, it brought further growth, high-level employment and revenues which were on the whole acceptable. In the second semester, however, things weren't nearly as good. The "second face" was actually the most formative of the two: 2012 was a year of divided markets. Europe lost against Asia and the US, Southern Europe lost against the rest of Europe, volume manufacturers lost against premium ones, etc. The only manufacturers to have had a good year were those who had the right customer in the right geographical location. The development has seldom been so complex.

## **What challenges are facing the supply industry?**

The challenges are greater than many people realize, especially considering that we are still in uncertain waters at present. The change in the geographical footprint must be mastered and financed, technologies and processes must be "world-class", quality is now taken for grant-

ed, and the fight for the best talents has long since broken out. You need the right "customer profile", and presiding over everything is "Rule No. 1: Keep your spending in check!" Even squaring the circle seems child's play in comparison.

## **So is it still possible to make money as a supplier in Europe?**

Of course you can still make money as a supplier in Europe, but now the disciplines to be mastered in the auto sector resemble a decathlon more than a pentathlon as before. Two indispensable conditions for growth and profitability override everything else: You have to meet the benchmark in products, production and processes, and you have to be present with the customers and on the markets where the growth is happening.

## **Does this mean that efforts are to be focused increasingly on Asia?**

There's no way of getting around China. Customers who invest in "emerging markets" want the suppliers to follow them. After all, higher local content means higher competi-

tiveness. In other countries, too, the customers will “reward” suppliers who follow them into other countries by giving them orders. Asia is turning into a crystallization point for a wide range of activities: sales in the largest market in the world, factories of its own, joint ventures, purchasing, etc. At the same time, Chinese investors are starting to invest in traditional suppliers. The automobile world is becoming more varied, and competition goes on increasing. All this forces those involved to be watchful on a global scale.

#### **What is the situation on the established market of North America and in South America?**

The North American market is one of the most important ones – it always was, and it always will be. The market follows laws of its own, with premium car manufacturers also profiting from its surprisingly strong recovery. Also, the “Detroit Three” have become the “Big Three” again. Latin America is first and foremost Brazil. The country is on the way to turning from an “emerging country” into an industrialized nation. We will be seeing a second wave of new factories there.

#### **Will suppliers have to be more internationally minded in future?**

Yes, absolutely. In the threshold countries, the demand for individual mobility is growing, and vehicle production is increasing disproportionately. In the year 2000, three-quarters of the global production of passenger cars were coming from the triad markets and only 7% from the BRIC countries. In 2020, 35% will still be coming from the traditional markets, but by then over 40% will be coming from the new ones. The supply industry has to adapt to the trend too. It has to extend its local value chain, purchase globally, bring in its technological know-how –

while safeguarding it at the same time – and build up an efficient global development and production network.

#### **How do you assess alliances? Do they offer growth potential for suppliers?**

The demands made on the suppliers are larger than their potential to do everything on their own. For this reason, alliances and cooperation are a good way of expanding technologically, geographically, or in terms of products. Now everything is dominated by the search for scale effects. Win-win situations are aimed at to enabling both partners to reap the cost benefits resulting from larger series. Alliances don't work by themselves, however.

**The trend is still towards innovation and cost-efficient technologies for acoustic and thermal management which increase comfort and value.**

#### **What trends do you see in the field of the interior in particular?**

First of all: The interior is favored by the trend – i.e. individualization, communication, or information – and it is not endangered by the still open question as to future drive alternatives. Vehicles are getting safer and more comfortable, by means of assistance systems for example, and on the other hand the pressure for CO<sub>2</sub> and weight reduction is increasing constantly. The trend is still towards innovation and cost-efficient technologies for acoustic and thermal management, which increase comfort and value.

#### **What opportunities do you see for**

**Autoneum?** The core areas of acoustic and thermal management have great

future potential – this is also shown by the cooperation agreed upon with Nittoku and Toyota Boshoku for the joint development of lightweight interior systems. And with innovations such as Theta-Fiber or Hybrid Acoustics, the company is offering something which will be in demand in future too: lightweight construction combined with reduced fuel consumption – and with it reduced CO<sub>2</sub> emissions.

#### **What is your initial estimation of how the automobile market will develop in 2013?**

We will have to go a long way to generate growth again in 2013. Worldwide, new car registrations will increase by a good 3%, but the growth will not be on our own doorstep – i.e. in Europe. The same markets which “pulled” us in 2012 will be equally dynamic in 2013: China will grow by at least 5%, the 15 million mark will be exceeded in the USA, Russia will grow again, and so will India. Brazil will be like it was in the “good years” again, too. Our problem in 2013 is clearly Europe, and within Europe the southern countries will still be the ones to remain on a low level. In the case of France, the motto is “cross your fingers”, for the risks are growing. In this situation, it is all the more important that countries like Germany or Great Britain remain stable on a high level.

Prof Dr Gottschalk, thank you for talking to us.

**15 000 000**

Over 15 million light vehicles are expected to be sold in North America in 2013.