



Global Automotive Executive Survey 2018

Canadian viewpoint: Current state and future prospects in a technology-driven industry

With the start of the [2018 Canadian International Auto Show](#) in Toronto this week, let's take a closer look at the insights presented in KPMG International's recently published [Global Automotive Executive Survey 2018](#) (GAES). Now in its 19th consecutive year, the survey provides an interesting lens on the future of the automobile, its immediate environment and the broader technological and social trends that impact the industry as a whole, both in Canada and around the world. If there is one catch-all word that captures this year's report it is "disruption." The Canadian and global automotive industries continue to evolve through innovation and transformational change as industry players are adapting to shifting preferences on car ownership and new technological developments such as Autonomous Vehicles (AVs), alternative drivetrains and mobile connectivity.

"Technology-driven trends have revolutionized several industries, including the automotive industries. As a result, major automotive industry players must adapt consumer-driven and data-focused mindsets to stay aligned with shifting client preferences and rapid technological developments."

— **Tammy Brown**

National Industry Leader, Industrial Markets
KPMG in Canada.

This year, the GAES surveyed more than 900 senior executives from the world's leading automotive and technology companies, and approximately 2,100 consumers globally. This viewpoint highlights key trends and developments identified by the report that will not only redefine the industry in a global context, but the Canadian market as well.

Focus on flexible mobility versus car ownership

Disruption in the auto market has accelerated due to shifting consumer preferences. More than half (56%) of executives surveyed are highly confident that the number of retail outlets will be reduced by 30-50% by 2025 – indeed, a seismic transformation of the retail landscape. In parallel to that, owing to the steady rise of car-sharing, nearly half of the car owners today will not want to own vehicles personally by 2025. As a result, traditional manufacturers will not be solely operating in B2C environment, but increasingly in a B2B environment where mobility solutions providers become key clients.

"The future demographics of the car-buying public globally point to a decreasing love affair with car ownership. Coupled with the steady rise of alternative transportation options, such as car-sharing and mobility on demand, this is a significant trend that has taken root and will develop further as cars become less of a status symbol and more of a shared utility."

— **Peter Hatges**

Partner & National Automotive Sector Leader,
KPMG in Canada

Accelerating advancement of autonomous vehicles

Autonomous vehicles (AVs) are poised to transform the auto industry and the way people live and work in countries around the world. The survey found that a large majority (94%) of executives believe that effective driving policy and regulations for autonomous vehicles will be developed by 2040, at the latest. Yet where opportunities are found so, too, are challenges. To be sure, there will be significant infrastructure challenges associated with the transition period where human-driven cars and autonomous vehicles co-exist.

The integration of technology and the driving experience is in full force as autonomous driving and collision avoidance are fast becoming the top technology focus points for Original Equipment Manufacturers (OEMs)," says Hatges. "As these trends develop further, technology companies will continue to have a significant impact on the driving experience and driver safety."

Interestingly, the *2018 KPMG Autonomous Vehicles Readiness Index*, a new report by KPMG International, ranked Canada seventh in overall readiness, with South Ontario in a favoured position to lead in this space.

"Southern Ontario has a perfect ecosystem to support AV research and testing. It is the fourth largest exporter of vehicles in the world, with manufacturing facilities for GM, Fiat-Chrysler, Ford, Toyota, Honda and their supply chains. Its Waterloo-Toronto Innovation Corridor includes research universities and technology companies, convincing Uber and General Motors to move jobs there."

—**Gary Webster**

National Sector Leader, Infrastructure
KPMG in Canada

The future of combustion and the promise of the fuel cell

Trends identified in the GAES indicate that various drivetrains will be available in the future, with fuel cell technology expected to attract significant development dollars over the near term. As per this year's survey, 52% of respondents rank fuel cell electric vehicles as the most important automotive key trend up to 2025.

Fully electric vehicles are not expected to prevail as the infrastructure required to enable long distance travel is not sufficiently developed. From a Canadian standpoint, geographic factors also come into play as the pure electric car range is adversely affected by cold weather, not to mention the infrastructure costs associated with installing charging stations to connect our country's vast geography.

Data-driven future

For several years now, the GAES has shown that data is top of mind for the majority of automotive executives and consumers. For instance, mobile connectivity in the car is now becoming an essential requirement for the modern traveler. According to this year's survey, 85% of the executives and 75% of consumers surveyed believe that data and cybersecurity will be the number one consideration for future purchasing decisions. That said, key players in the Canadian automotive industry will also pay close attention to the eventual shift to 5G technologies as policymakers in Canada begin to lay the groundwork for its deployment and adoption in the coming years.

"The eventual transition to a 5G future will inevitably lead to new services and new sectors of application," says Brown. "However, improvements in mobile broadband will also bring new challenges such as data security."

For more details and information, please see our [Global Automotive Executive Survey 2018](#).

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