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Autonomous driving and alternative mobility services compel the automotive industry to rethink business models

Munich, March 2018: Growing numbers of people are expressing a greater interest in getting around by robocab than in purchasing a car of their own. As many as 40 percent of US city dwellers fall into this camp, as do 26 percent of young Chinese citizens. The share of people using car sharing, ridesharing or taxis to get about is also rising, having doubled in Germany in the space of just one year. These are among the data points identified by the automotive experts at Roland Berger in a global survey for their latest *Automotive Disruption Radar* ([Download study here](#)). The findings testify to an unstoppable trend, one that is set to radically transform the auto industry, where it is clear that players will no longer be able to survive by solely relying on their familiar business model of selling new cars.

"With the concept of driverless mobility services, we are seeing nothing less than a technological dream becoming reality before our very eyes," says Wolfgang Bernhart, Partner at Roland Berger. A company in Arizona, for example, is about to put the first self-driving taxi cabs into real-life operation on the streets. Other firms have announced similar plans. "If you look at the various indices we regularly examine in our industry surveys, you can't help but see that the mobility market is transforming beyond all recognition," says Bernhart.

Mobility habits are changing – Lower-level growth in the new cars market

On the one hand, wherever you look in the world, there is growing interest in new forms of mobility. More and more people say they would rather use robocabs to get around than actually own a car – an opinion shared by as many as 40 percent of the urban population in the US (as against 36% at the

start of 2017) and 26 percent of young people in China (17% last year). Already, the regular use of carsharing, ridesharing or taxis as a means of mobility is rising steadily, with 13 percent of people in American cities, more than 16 percent in Singapore and over 18 percent in China calling on such services. Despite the corresponding figure being lower in Germany, it has still almost doubled in the space of a year, from 1.9 percent in early 2017 to 3.7 percent today.

"What all of our surveys show without a shadow of a doubt is that people all over the world have a growing desire to be mobile but that they don't necessarily want to buy their own car," comments Norbert Dressler, Partner at Roland Berger and head of the consultancy's Automotive Competence Center in Germany, Austria and Switzerland. "Looking to the future, this means that the new car business will see a slower pace of growth. And that will completely disrupt the business model for automakers and many of their suppliers alike."

Automotive players and investors shift their focus

As consumer desires evolve in the direction of new models of mobility, we are seeing a concurrent shift in focus on the part of investors and the automotive industry. By way of illustration, the number of R&D personnel working on mobility services and autonomous driving jumped from 41,000 to 51,000 between 2016 and 2017, a 22.5 percent rise in just one year.

The scale of the transformation is even clearer in venture capital, where money is literally pouring in: Whereas venture capital firms already invested 9.3 billion dollars in mobility projects around the world in 2016, the figure had rocketed to 21.4 billion dollars by 2017 (+130%). Artificial intelligence, too, being another important factor in the realization of autonomous driving ambitions, saw funding more than double since 2016, with over 3.2 billion dollars of venture capital invested in 2017.

"Given that some authorities are already mooting the possibility of banning driving in city centers altogether, it is clear that various factors could serve to further accelerate the changes we have seen here," explains Wolfgang Bernhart. "The countryside, too, is crying out for new forms of mobility – not least to meet the needs of an aging population. We could well see significant use of robocabs in the rural setting in the coming years."

Another important aspect to all of the new developments in connectivity and autonomous driving is the fact that industry incumbents face growing pressure from IT and tech firms trying to break into the mobility market. As Norbert Dressler says in summary, "The race to the top in the new mobility universe has long since begun. Any automotive firms that fail to position themselves accordingly and take a long, hard look at their own business model will see others take a bite out of their market share before they know it."

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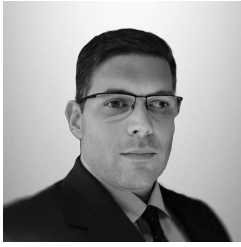
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