

Global Foresight, Inc. 2006 Report on Industry Trends

Automotive

The automotive industry is undergoing unprecedented change. The off-shoring of manufacturing and increased global competition has squeezed U.S. auto companies. The growing environmental movement and volatility of global oil supplies are increasing the pressure on automakers to innovate around alternative energy resources such as hydrogen and bio-fuels.

Employment Outlook

Motor vehicle and parts manufacturing were among the largest of the manufacturing industries, providing 1.1 million jobs. 62% of total jobs originated from firms which produce motor vehicle parts. There are many jobs that are associated with this industry: commercial and industrial designers, engineers (mechanical, electrical, industrial, technician), computer systems analyst, and assemblers/fabricators/skilled labor are the main areas of employment. Employment is expected to grow very slowly, perhaps 2% in motor vehicle manufacturing, 6% in motor vehicle parts manufacturing and 8% in motor vehicle body and trailer manufacturing.

(Source: Bureau of Labor Statistics)

Trends & Emerging Issues

Macro Trends:

- The national focus on energy prices is impacting consumer purchasing decisions for automobiles. Energy efficiency is a key leverage point over comfort and size.
- Environmentally conscious consumers will likely be attracted to new technologies being developed.
- Consumers are increasingly sophisticated and educated; a majority of U.S. consumers conduct online research before making a decision on purchases over \$500.
- The growing competition between international and domestic car manufacturers has placed cost pressures on producers. They have turned to quality and productivity measures with the assistance of computer design, production, and testing.
- Companies have been favoring the employment of contract employees over permanent staff because they are easier to hire and lay off; unions are increasingly out of favor.

Market Trends:

- The U.S. automotive industry continues to experience on-going organizational and technological change; the industry has taken steps to increase its global presence by expanding global alliances and seeking greater collaboration with other U.S. automakers.
- J.D. Power & Associates forecasts that by 2010 there will be 30 hybrids on the U.S. market; Ford is vowing to roll out four more hybrid vehicles by the end of 2008.
- The Big Three U.S. automakers makeup approximately 76 % of U.S. passenger vehicle production, while Japanese automakers, Toyota, Honda, Nissan, Mitsubishi, Subaru, Isuzu represent 18 %, and European automakers, BMW and Mercedes (division of Daimler-Chrysler) make up nearly 2 %.

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- The United States reported exporting a record \$55 billion worth of automotive parts in 2005, while the U.S. trade deficit in automotive parts increased to a record \$37 billion in 2005.

Forecasts

- J.D. Power & Associates predicts that the hybrid market will top out at 3 percent by 2010.
- Currently there are 800 million cars in active use. By 2050, as India and China develop, there will be a projected 3.25 billion; by 2020, nearly 10 percent of Chinese citizens will own an automobile.
- In 2025, China alone will consume nearly 5 times as much gasoline as it did in 2000, primarily due to automobile consumption.
- In the next 10 years, standard options in most vehicles will include: WI-FI hookups to provide weather information, news and other information; Onboard cameras will help detect blind spots and voice commands.

Resources

Associations:

[Auto International Association](#)

[Automotive Aftermarket Industry Association](#)

[Association of International Automobile Manufacturers](#)

[Japan Automobile Manufacturers Association](#)

[Automotive Market Research Council](#)

Articles & Reports:

Bureau of Labor Statistics

www.bls.gov

Business and Economics Research Advisor

<http://www.loc.gov/rr/business/BERA/issue2/associations.html>