KPMG

October 2026

26th Global Automotive Executive Survey

Thriving in the age of moving targets

How to navigate in a world where strategy, technology and markets never stand still.



KPMG International

KPMG. Make the Difference.

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Foreword

There is no longer one defining disruption shaping the automotive industry. That is the clearest insight from this year's 26th Global Automotive Executive Survey. Previously, industry leaders could focus on one or two dominant forces. Today's environment is much more complex. The rise of digital and AI technology, changing customer expectations, developing ecosystems and ongoing geopolitical tensions are no longer separate trends competing for attention. They are converging into a single leadership challenge for many boardrooms, requiring leaders to manage continuous change across multiple fronts at the same time.

We heard this directly from 775 executives across the automotive ecosystem, including OEMs, suppliers, dealers and mobility providers. And while opinions differ on which technologies, regions or business models will create the most value, one message comes through clearly: the gap between leaders and followers is not primarily about strategy, technology or market knowledge. It is about clarity. Leaders have a much clearer view of where future value pools are emerging, who their future customers will be, and which capabilities will matter most. They are more decisive in reallocating capital, talent and resources toward these opportunities. While others are still reacting to change, they are already positioning for what comes next.

At the same time, executives increasingly recognize that scale alone is no longer a guarantee of competitive advantage. Indeed, while larger organizations often benefit from greater resources, they can struggle to adapt at the speed required by today's environment. That makes the ability to find the right balance between size and agility a critical leadership challenge.

This year's survey also reveals that competitive advantage is becoming increasingly temporary. Business models evolve faster. Technologies mature more rapidly. Customer expectations shift constantly. Geopolitical developments can redraw markets overnight. The factors that drove success in the past are losing their relevance faster than many executives are willing to admit. Yesterday's strengths can easily become tomorrow's stranded assets.

As a result, today's imperative is no longer to optimize for stability. It is to manage for movement — to adapt before circumstances force the issue. As such, organizations must continuously reassess where value is developing, which capabilities they need to strengthen and which assumptions they need to leave behind. Driving success in the age of moving targets and unclear finish lines is the new leadership priority.

At KPMG, we are advising our clients to better predict the developments of the future, and then helping them navigate whichever future arrives. We hope the insights in this survey provide the clarity needed to do exactly that.



Dr. Andreas Ries
Global Head of Automotive
KPMG International

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About the research

This report is based on the 26th edition of KPMG's Global Automotive Executive Survey (GAES), a quantitative survey of 775 senior automotive executives across Europe, APAC and the Americas. This signature piece of research is conducted annually to track strategic shifts in the global automotive industry. The 2026 edition explores how automotive leaders are managing several simultaneous disruptions at once, and what separates the leaders from the rest.



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Executive summary

Thriving in the age of moving targets

The challenge is no longer disruption. It is converting continuous movement into faster, more decisive action.

Three realities every automotive executive must confront

01

There is no finish line anymore.

Build the capacity to redirect capital, talent and management attention continuously.

02

Future value is visible. Value capture is not.

Choose where to play and which economics, customer interfaces and capabilities to control.

03

Scale is no longer enough.

Combine speed, trust and ecosystem position to turn strategic intent into advantage.

The decisions that matter now

Transformation
How do we make transformation business as usual?

Technology
How do we turn technology into business value?

Trust
How do we build and monetize trust at scale?

Tension
How do we make trade-offs before circumstances make them for us?

Togetherness
Where must we lead, partner or retain control?

What separates leaders (Pacesetters)?

Many respondents see similar opportunities. Pacesetters report earlier action.

See value pools shift	▶	Reallocate capital earlier
Recognize technology's role	▶	Scale proven use cases faster
Know ecosystems matter	▶	Choose where to lead or partner
Anticipate regional volatility	▶	Adapt operating models sooner
Understand trust matters	▶	Turn trust into commercial value

Competitive advantage can come from making the right choices earlier and revisiting them faster as the targets move.

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Setting the scene

The five Ts of transformation
The boardroom's new North Star

Key findings
Today's status. Tomorrow's reality.

In a nutshell
The five Ts action agenda



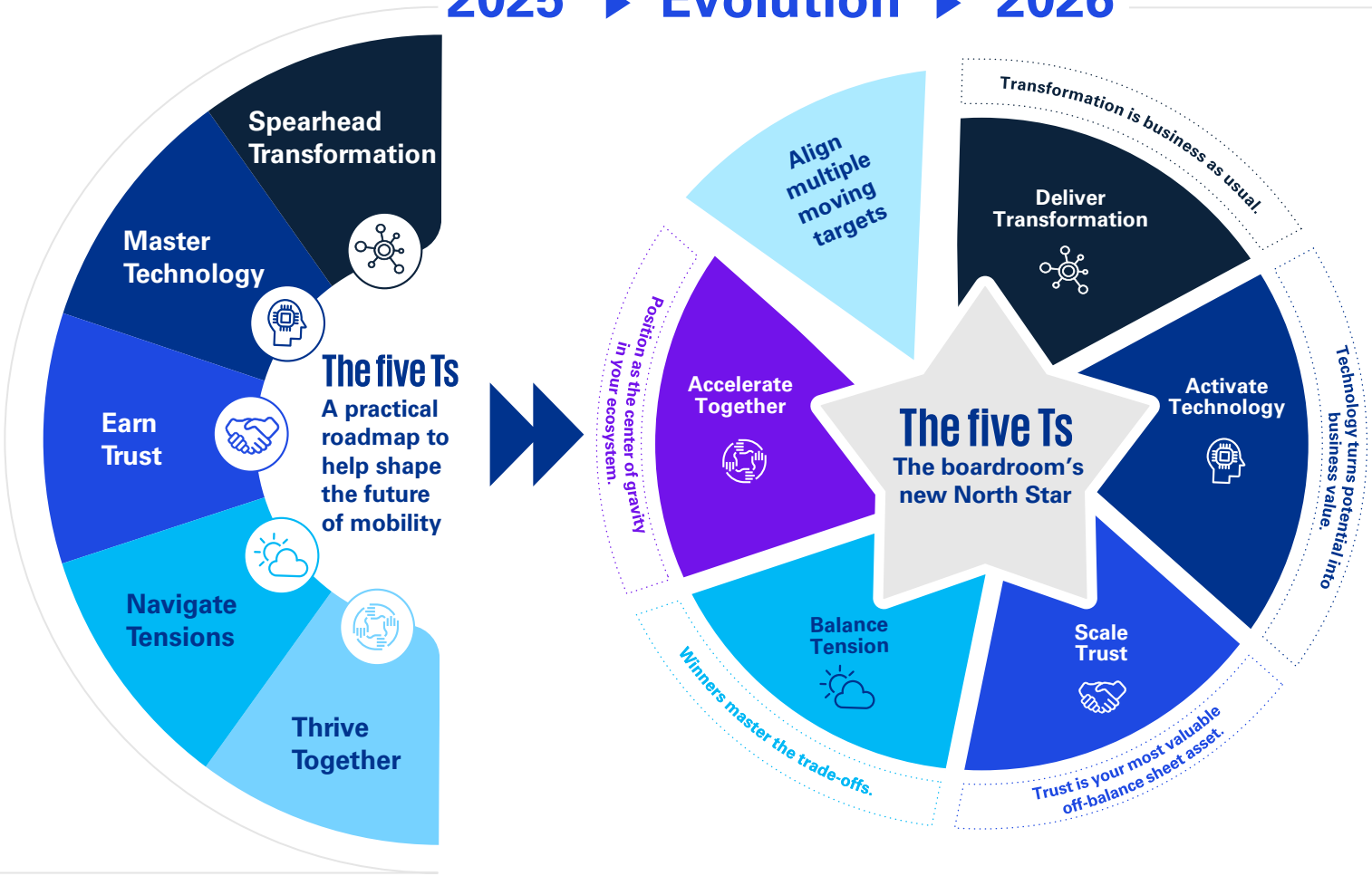
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The five Ts of transformation

The boardroom's new North Star

Years of disruption and transformation have fundamentally reshaped the automotive industry. In our 25th edition of the Global Automotive Executive Survey (GAES), we introduced five Ts to describe the forces reshaping the industry. This year's survey reveals the next stage of the five Ts (Transformation, Technology, Togetherness, Trust and Tension) which are no longer trends to understand, but realities to navigate. Last year, the five Ts explained where the industry was heading. This year, they explain how organizations should position themselves to create value, build resilience and outperform in an increasingly volatile market. The following chapters provide key results of our survey aligned to each of the five Ts.



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Key findings

Today's status. Tomorrow's reality.

Automotive leaders are navigating significant change. Success will depend on how effectively they adapt to new realities, manage trade-offs and capture emerging sources of value. Here is what our survey respondents expect.

Deliver Transformation

52% of respondents agree that continuous transformation is now the norm for the industry, not a program with an end date.

Activate Technology

On average, only **36%** of AI and software initiatives have scaled beyond the pilot phase and been adopted across the organization.

Scale Trust

Half of the respondents believe trust in digital and connected features will decide which companies win or lose over the next three years.

Balance Tension

Only **5%** of respondents feel very prepared to respond to geopolitical and regulatory pressures.

Accelerate Together

44% of value creation may be enabled by external partnerships and ecosystems over the next three years, up from **30%**.

What respondents expect in 2035

Many OEMs will have significantly diversified beyond vehicle manufacturing into sectors such as defense, energy and/or mobility services.

Software and digital technology will likely be the primary source of competitive differentiation, making the ability to scale innovation more important than innovation itself.

AI agents, algorithms and automated purchasing systems may play a larger role in customer decisions, forcing companies to reinvent the meaning of brand and trust in a machine-mediated economy.

Global regulation may have shifted toward supporting industry competitiveness, easing external pressures and shifting the focus from regulatory compliance to strategic choice.

Companies anticipate a more interconnected ecosystem, with partners having a growing influence on success and profitability, forcing them to be far more deliberate about where they position in the value chain.

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In a nutshell

Five Ts action agenda

The five Ts translate industry disruption into a focused leadership agenda

Deliver Transformation

- Redirect capital toward customer, sales, after-sales and sustainability initiatives, where returns are emerging.
- Remove decision bottlenecks. Simplify approvals and accelerate transformation execution.
- Choose your stance: growth or cost discipline. Revisit it regularly as conditions change.
- Replace annual planning with continuous reallocation of capital, talent and management attention.
- Modernize legacy systems early. Reduce technical debt before it slows execution and scale.

Activate Technology

- Scale AI beyond pilots. Build a clear operating model, strong data foundations and dedicated scaling mechanisms.
- Build AI governance before scaling AI. Establish accountability, oversight and controls.
- Align SDV strategy with execution. Treat software-based revenue as a strategic opportunity.
- Decide what to own and protect. Source non-differentiating capabilities through partnerships.
- Make deployment speed a leadership KPI and measure enterprise-wide adoption.

Scale Trust

- Build one operating model around customer lifetime value and end-to-end ownership.
- Treat AI and data governance as seriously as cybersecurity and risk management.
- Turn trust into a revenue driver. Set commercial targets and track progress consistently.
- Fix customer journeys before adding new digital capabilities.
- Be transparent about customer data usage and protection. Close the gap between perceived and actual safety.

Balance Tension

- Test speed and quality together. Govern speed-to-market decisions against quality and compliance risks.
- Reassess sourcing and inventory footprints against tariff exposure and geopolitical risk.
- Fund resilience according to risk exposure and execution maturity.
- Create market-specific investment gates balancing volume, utilization and flexibility.
- Shift toward regionalized footprints where trade exposure is highest.

Accelerate Together

- Define your ecosystem role. Choose between orchestrating, co-creating or participating.
- Make data sharing a partnership capability. Build the trust and systems required.
- Embed quality, control and customer ownership into partnership governance.
- Treat make-versus-buy as a standing strategic decision.
- Follow value migration. Reallocate capital and partnerships toward emerging value pools.

Five leadership imperatives: fund what moves, scale what works, earn trust, navigate trade-offs and partner for value.

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Navigating the new North Star

Moving targets
No finish line in sight

The five Ts
Deep dive into survey results

Industry perspectives
Ford, DENSO, BorgWarner and Audi



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Introduction

Moving targets

No finish line in sight

Pacesetters

For this report, we identified a survey defined group of companies (the 'Pacesetters') and compared their results to the rest of the group to explore differences between this group and other respondents.

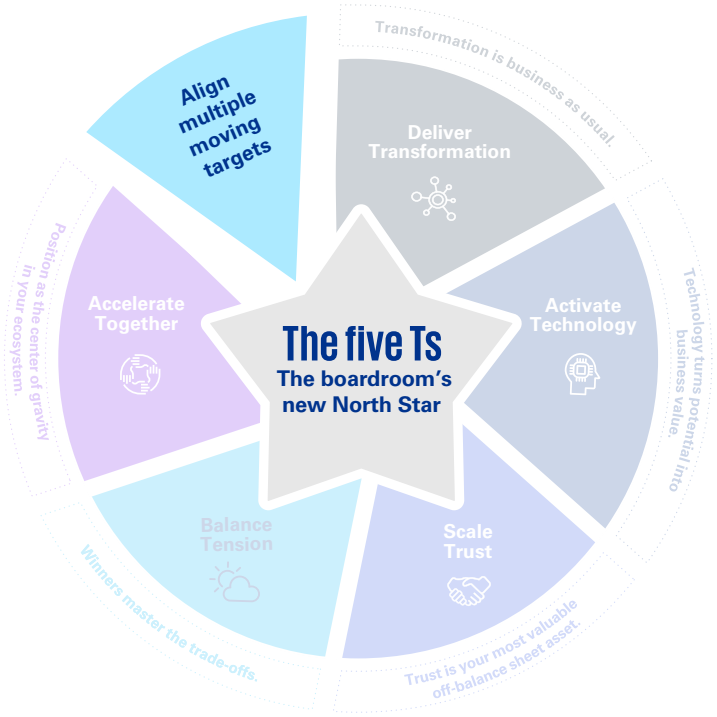
Pacesetters were defined as a group of **53 companies** meeting all of the following criteria:

- Annual revenue greater than **US$1 billion**.
- A comprehensive or very good view of, and active involvement in, their organization's transformation initiatives.
- Self-reported outperformance, relative to competitors, on profit, operations and transformation.



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Key takeaway

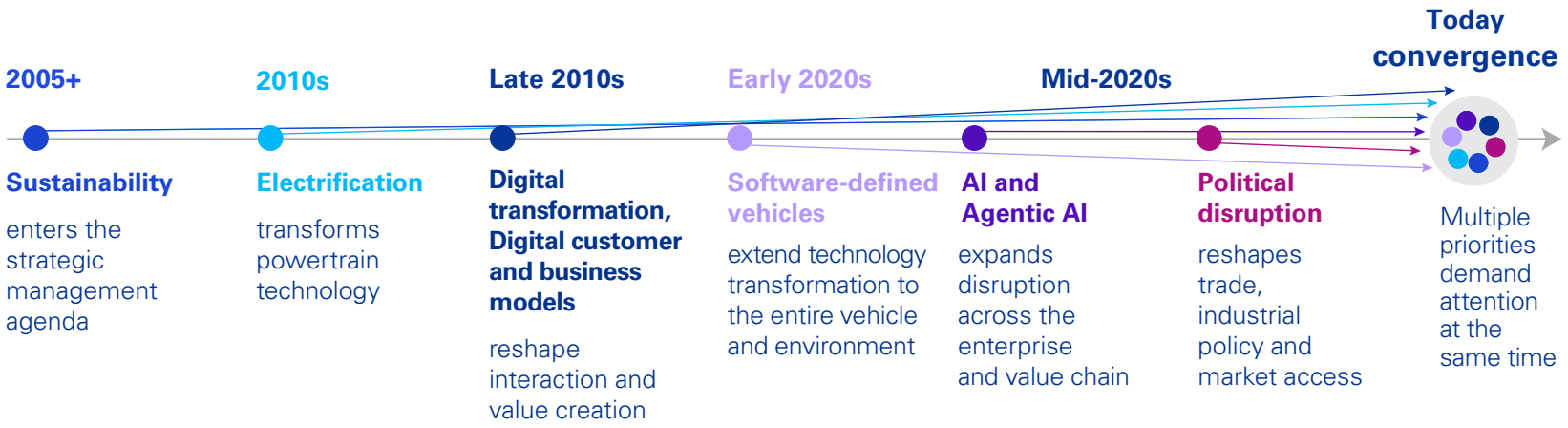
For much of the past 20 years, automotive executives could focus on one major disruption at a time. Today, sustainability, technology transformation, geopolitical fragmentation and changing customer expectations are converging into a single, interconnected leadership challenge.

The implication is significant. Many companies have made progress on individual transformation agendas, but fewer are prepared for their combined impact. Customer models, sourcing strategies, operating structures and value chains are being reshaped simultaneously. Success may depend not only on responding to disruption, but on the ability to manage multiple, overlapping transformations at the same time.

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The evolution of the executive agenda

What were once distinct transformation agendas have become an interconnected system of disruption.



Each wave introduced a new dominant agenda, **but none replaced the challenges that came before. Today, they converge and compound.**

01
Sustainability and geopolitical disruption

From decarbonization targets and supply chain shocks to material shortages, tariffs and an increasingly fragmented trade environment.

02
Technology disruption across the entire value chain

From transforming powertrain technology through electrification to redefining the entire vehicle, enterprise and value chain through software, digitalization and AI.

03
Customer and business model disruption

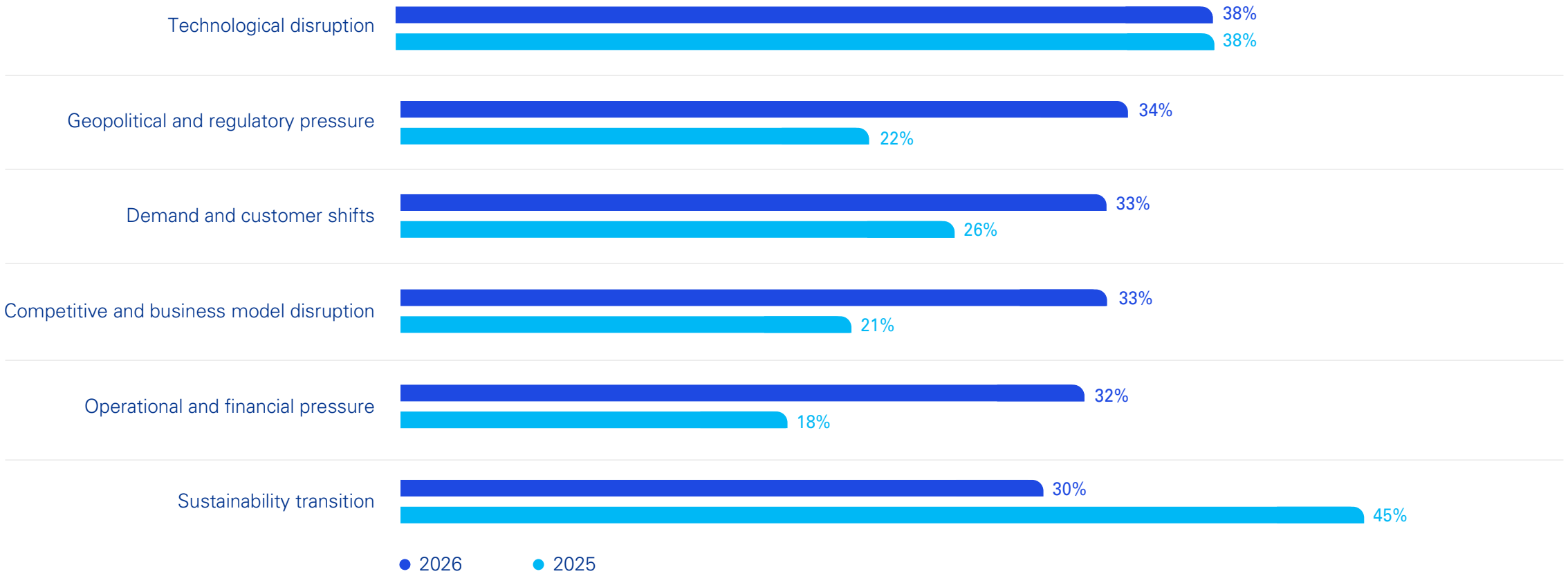
From digital-first expectations and changing ownership models to autonomous driving and new mobility ecosystems.

This development represents a fundamental shift in the environment that leaders must navigate. Companies are now required to manage multiple moving targets at once, often without a clear end state or finish line. In our 2025 survey, sustainability and technology clearly dominated the management agenda. That has changed.

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This represents a fundamental shift in the environment that leaders must navigate. Companies are now required to manage multiple moving targets at once, often without a clear end state or finish line. In our 2025 survey, sustainability and technology clearly dominated the management agenda. That has changed. What stands out in this year's findings is how evenly disruptive the major forces shaping the industry have become. Sustainability, technology, geopolitics, operating/financial pressures and changing customer expectations are no longer sequential challenges. They are converging simultaneously.

Figure 1: Which of the following factors will be most disruptive to the Automotive industry in the next three years? Comparison results GAES 2025 to GAES 2026. (Rank the top 2 factors)



Source: 26th Global Automotive Executive Survey.

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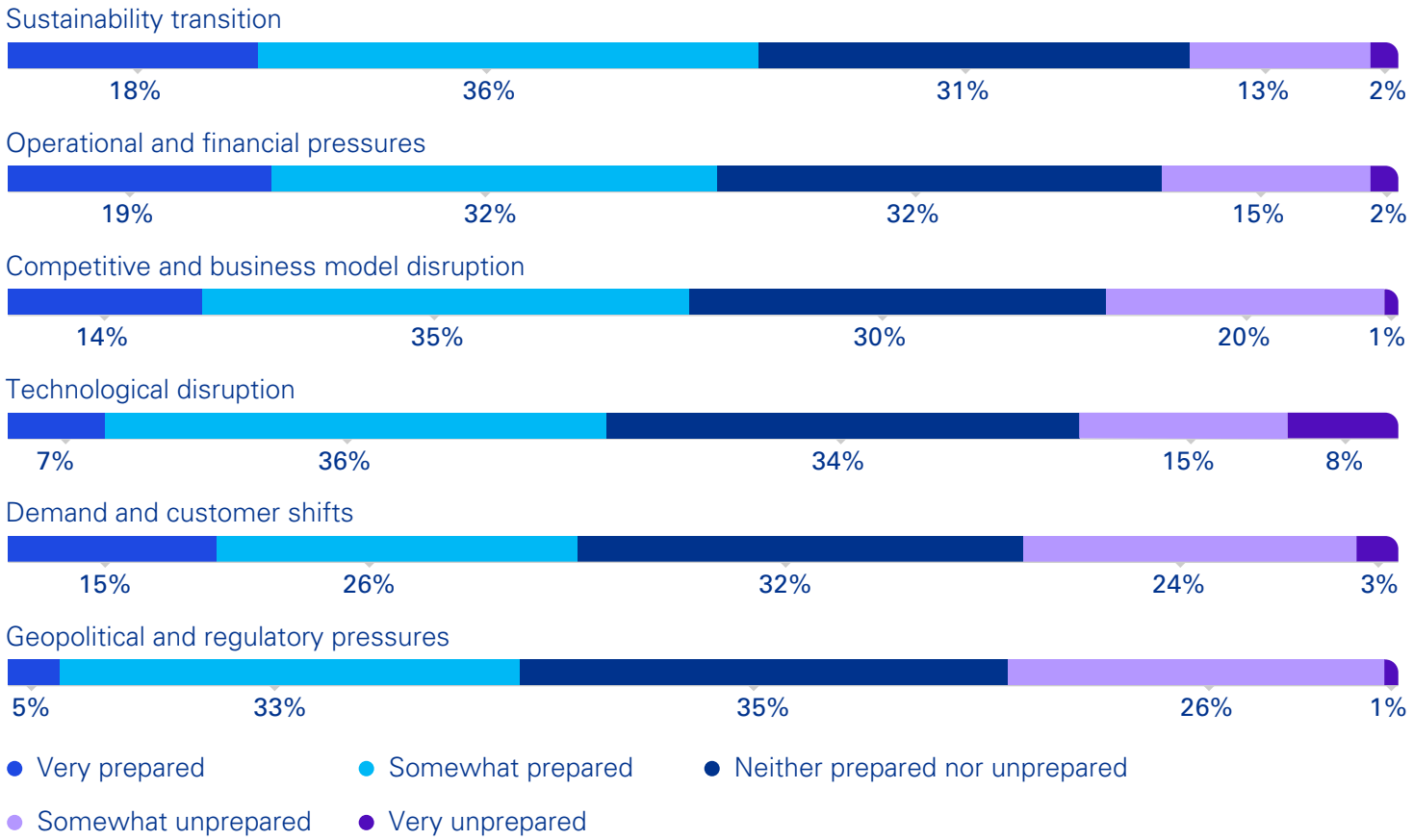
Automotive executives see all major disruptions converging at roughly the same time and with similar intensity. Yet preparedness is far from evenly distributed. While many organizations feel well positioned to address sustainability and operational challenges, confidence drops noticeably when it comes to technological disruption, shifting customer demand and geopolitical uncertainty.

While preparedness levels vary significantly across disruption types, one pattern remains remarkably consistent: roughly one-third of executives are unable to clearly assess whether their organizations are prepared or unprepared for the disruptions ahead.

> For many companies, these developments have led to a permanent state of pressure, a reality that is now felt across virtually every part of the industry."

Petra Eileen Lichtenau
Global Sector Executive Automotive
KPMG International

Figure 2: How prepared is your company to respond to each of the following disruptions?



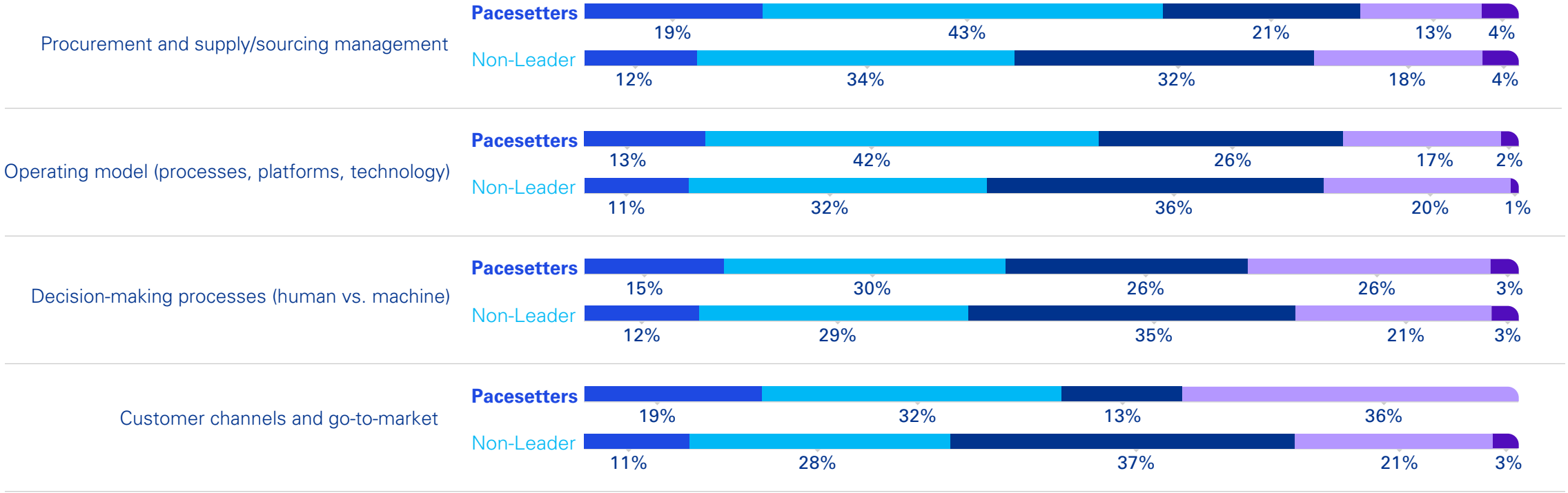
Source: 26th Global Automotive Executive Survey.

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Interestingly, our pacesetters envision significantly greater levels of disruption than our average respondent. In our survey, 62 percent of pacesetters say they expect significant to fundamental change in their procurement and supply management, versus just 46 percent of non-leaders. Similarly, 55 percent of pacesetters expect disruption in their operating models, compared to 43 percent of non-leaders.

While many companies focus on incremental change, pacesetters are expecting a more comprehensive enterprise-wide transformation. Their priorities extend beyond products and technology to fundamental shifts in operating models, supply chains, customer engagement and value creation.

Figure 3: Over the next three years, how much change do you expect across the following areas of your company?



Pacesetter (N-count: 53 to 53) Non-Leader (N-count: 722 to 722)

Source: 26th Global Automotive Executive Survey.

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Five Ts of Transformation

Deliver Transformation

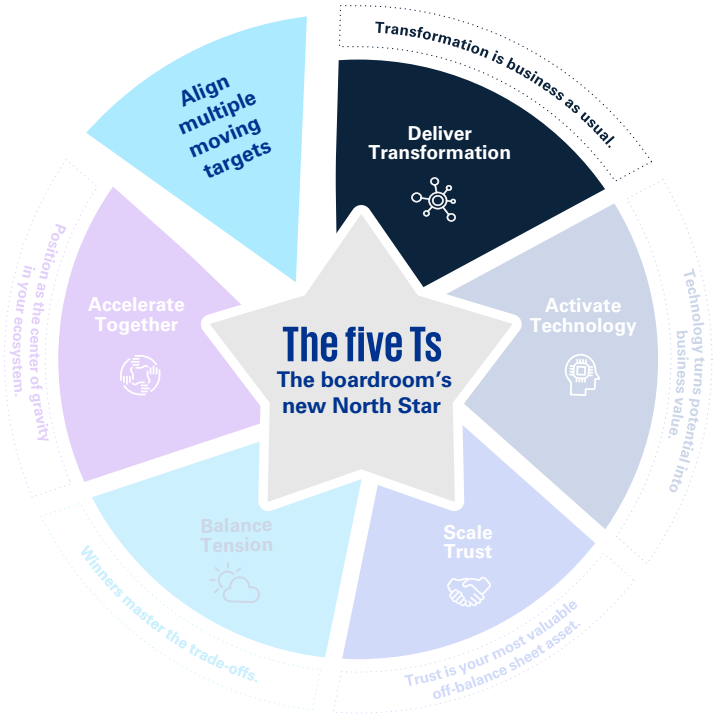
Transformation is business as usual.



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T1



Key takeaway

The rules of transformation have changed. Continuous transformation is now standard practice across the industry, not a program with a fixed end date. Respondents indicate capital is already following that shift: toward customer, sales and aftersales work and sustainability, and toward companies that diversify beyond the traditional automotive core, where valuations can run three times higher than legacy suppliers command. Pacesetters share the same view of where value is moving as everyone else. What sets them apart is the discipline to act on it: a clear view of profit pools by market, and the speed to reallocate capital, talent and management attention before the opportunity closes.

In a world where transformation is the new normal, the era of global champions is giving way to the era of market-specific winners.

Continuous transformation is now the norm for the automotive industry according to 52 percent of the sector executives surveyed. Value pools are shifting across markets, technologies and business models faster than any single roadmap can track.

And leaders now find themselves in a position where they have to continuously reallocate capital, talent and management attention to wherever growth is emerging. In many cases, this may be outside of pure vehicle manufacturing.

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Figure 4: Thinking about the Automotive industry in 2035, how likely do you think is this scenario: Most major OEMs will have significantly diversified beyond vehicle manufacturing into sectors such as defense, energy, and/or mobility services.

Select one



Source: 26th Global Automotive Executive Survey.

> "Auto suppliers want to be valued as industrial companies and get credit in the market for their diversification efforts. Particularly components used in data centers. Traditional auto suppliers trade at approximately four to seven times EBITDA, general industrials are in the low double digits, and data center related companies in the 20+ times. The value is in moving beyond the core auto business."

Leonard LaRocca
Head of Automotive, Americas, KPMG in the US

Creating the right balance

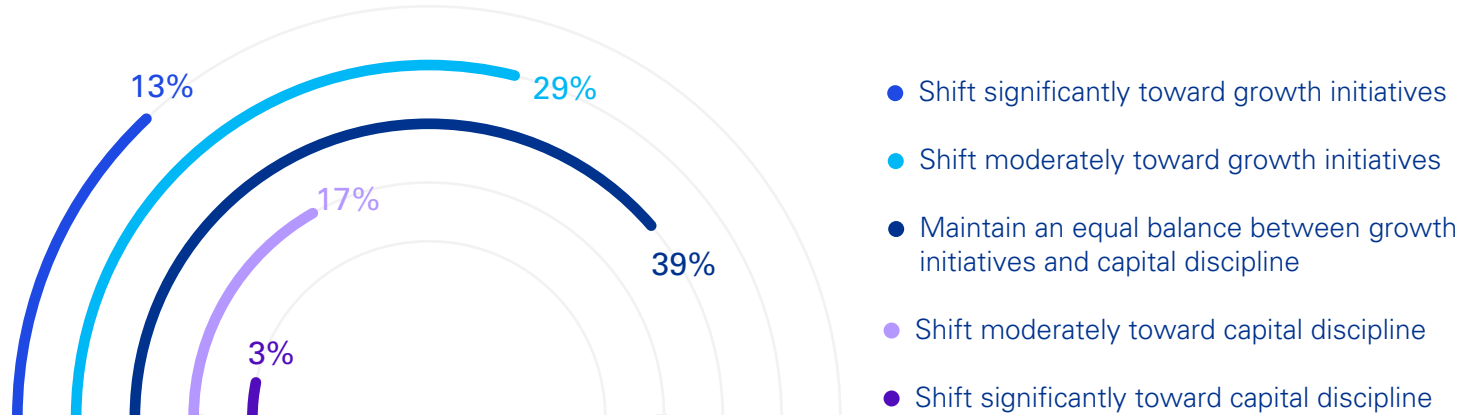
Asked how their transformation priorities will shift over the next three years, a significant number of executives (39 percent) say they are equally focused on both growth and capital discipline.

Among those planning a shift, growth outweighs discipline by more than two to one: 42 percent lean toward growth initiatives, compared with 20 percent leaning toward capital discipline.

Capturing value from a transformative trend requires more than intent. It takes a clear view of where value is moving, market by market. Companies need a granular understanding of future profit pools through 2029, not just sales volumes. That means evaluating return on invested capital, break-even points, residual values and customer concentration, with clear decision thresholds for when to invest, hold or exit.

Figure 5: Over the next three years, how do you expect your company's transformation priorities to shift between growth initiatives and capital discipline?

Select one



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This shift is reflected in the industry's investment priorities. While operational and financial pressures ranked among the least pressing challenges in last year's survey, they have moved rapidly up the leadership agenda. Executives are increasingly focused on where future value will be created and how capital should be allocated to capture it.

Focus shifts to returns

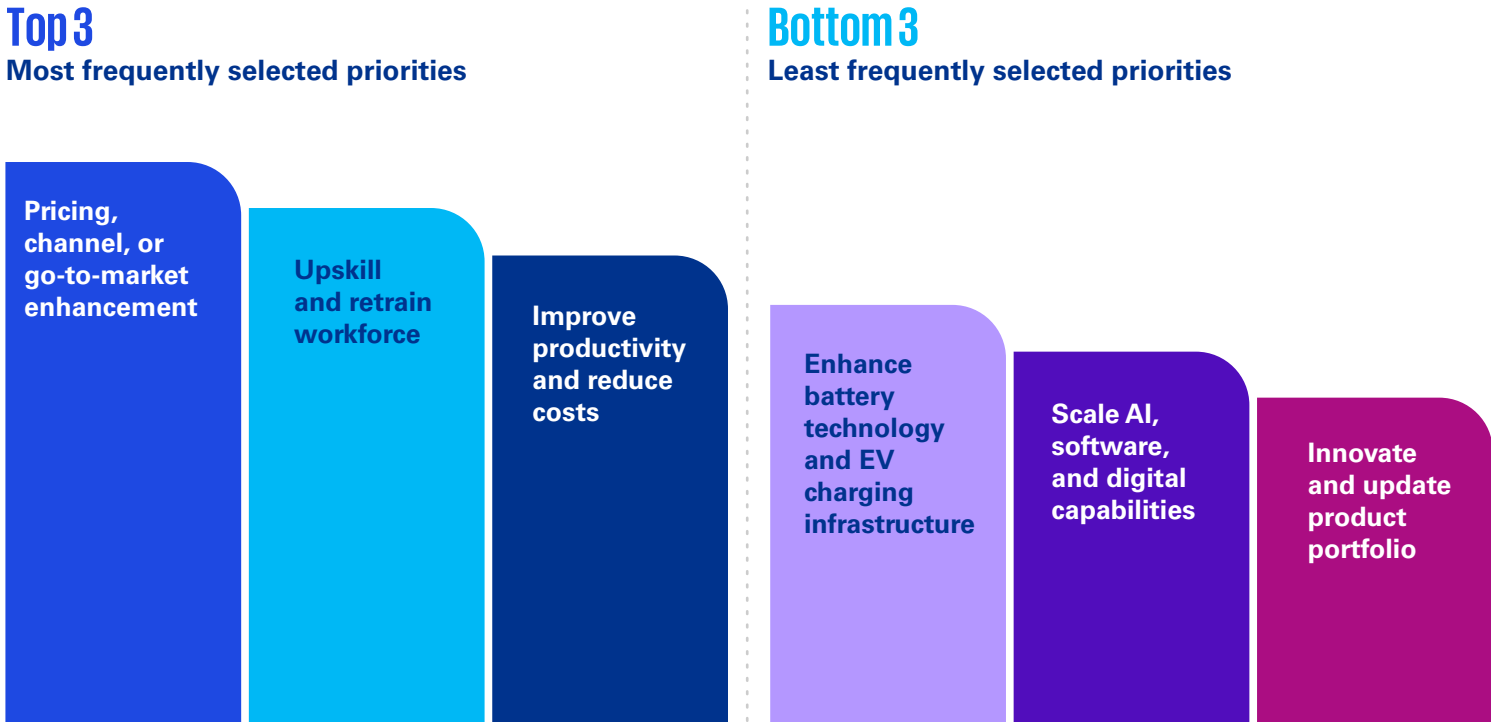
As a result, capital is beginning to follow the pressure points. Customer, sales and aftersales transformation ranks as the industry's top investment priority over the next three years, followed closely by sustainability and circular economy initiatives. By contrast, Electric Vehicle (EV) and powertrain transition, as well as software and AI scaling, rank lower on the investment agenda despite dominating industry discussions in recent years.

> "The focus is shifting from rapid volume expansion toward more disciplined, value-oriented growth. Relying on discounts alone is becoming harder to sustain."

Oliver Xu
National Head of Industrial Manufacturing and Automotive, KPMG China

This suggests that transformation priorities are becoming more business-value driven. Investment is increasingly shifting toward areas directly linked to growth, customer monetization, portfolio competitiveness and resilience, while technologies such as AI, software and EV transition are increasingly viewed as enablers rather than value pools. For many leaders, that means focusing on determining where future value will accrue and how to capture a disproportionate share of it.

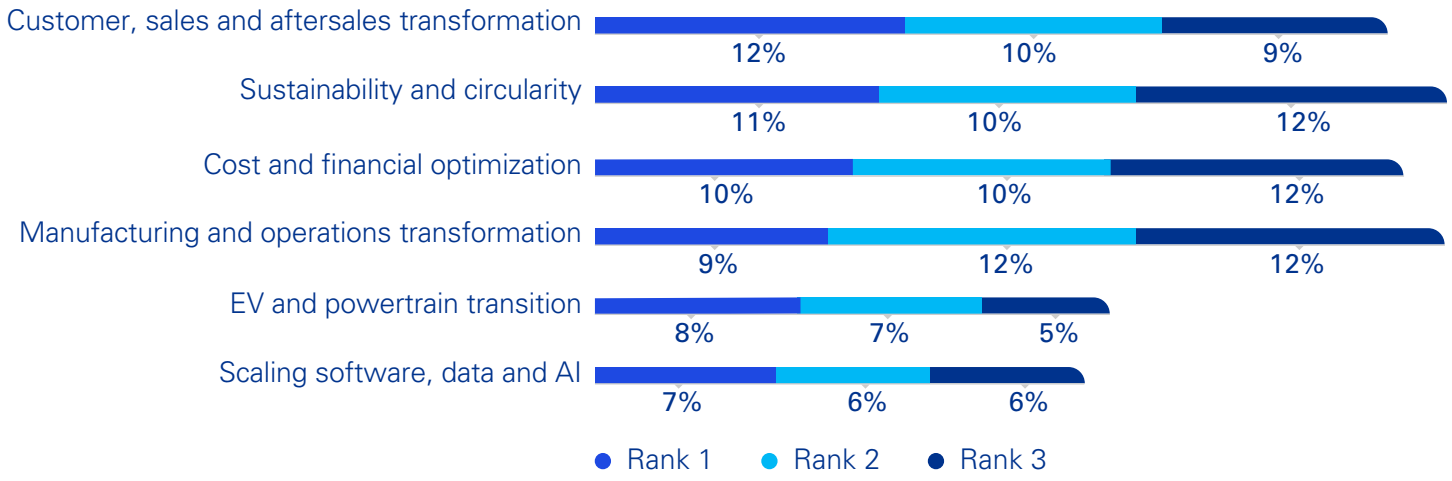
Figure 6: Thinking about the transformation initiatives your business has undertaken, which will be most important to your business growth in the next three years?



Source: 26th Global Automotive Executive Survey.

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Figure 7: Where will your company concentrate the largest share of transformation investment over the next three years?



Source: 26th Global Automotive Executive Survey.

Ready for continuous disruption

Executives are remarkably aligned on what is coming next. Yet, as we noted on page 12, confidence in managing these challenges remains limited. In other words, awareness is high, but preparedness remains uneven.

What do executives believe are the main barriers to delivering on their most pressing issues? Our results show that internal barriers such as slow decision-making and governance emerge as the biggest obstacles to transformation.

> Circularity is a key topic — both for OEMs as well as for the automotive value chain. The challenge will be to move from reporting performance to actively steering it, with integrated KPI systems that link circular metrics directly to financial performance management."

Yannik Michels
Partner, Head of Sustainability in Automotive
KPMG in Germany

What sets the pacesetters apart

The survey also reveals an important distinction among the industry's pacesetters. Unlike their peers, these leaders are less constrained by unclear ownership, competing priorities and organizational friction. Instead, they are more likely to struggle with legacy systems and complexity, often the consequence of operating larger, more established businesses.

It's not that they expect less disruption or uncertainty. Rather, they respond to it differently. While others continue to optimize existing business models, the pacesetters are already reallocating capital, reshaping capabilities and repositioning their organizations for where future value will be created. Their advantage lies not in seeing a different future, but in acting on it sooner.

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Figure 8: What are the three biggest internal barriers to delivering your company's strategic priorities over the next three years?



Source: 26th Global Automotive Executive Survey.

> Markets remain highly competitive. We are responding to the challenging economic environment and intensified competition through consistent cost discipline, higher efficiency, and faster decision-making."
>
> **Jürgen Rittersberger**
> Member of the Board of Management of AUDI AG Finance, Legal Affairs and IT

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What can executives do next

01

Fund what's moving.

Redirect capital toward customer, sales and after-sales transformation and sustainability initiatives, where returns are already emerging.

02

Fix decision speed.

Diagnose where governance is slowing delivery of strategic priorities. Simplify approval layers before launching new transformation programs.

03

Commit to a stance.

Decide between prioritizing growth or cost discipline. Revisit that stance on a regular cycle as conditions shift.

04

Build for continuous change.

Replace fixed annual planning cycles with mechanisms for ongoing reallocation of capital, talent and management attention.

05

Modernize legacy systems early.

Treat legacy-system modernization as a proactive priority as the organization scales. Address technical debt before it slows execution.

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Five Ts of Transformation

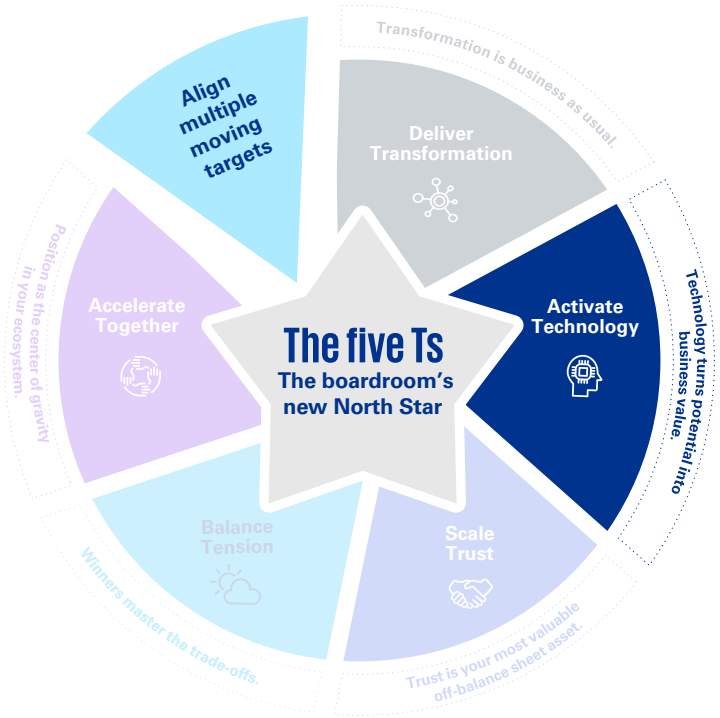
Activate Technology

Technology is not the strategy, but it powers the strategy.



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T2



Key takeaway

AI and emerging technology are widely seen as table stakes across the automotive industry for operations and as a vehicle feature alike. Deployment speed and governance now separate the companies capturing real value from the rest.

Yet while most companies can point to an AI strategy, far fewer can point to capabilities that have scaled enterprise-wide. Pacesetters report greater progress narrowing that gap, and it shows in how confident and prepared they feel compared with everyone else.

In a world where technology turns potential into business value, the formula for success is shifting from operational efficiency to value creation.

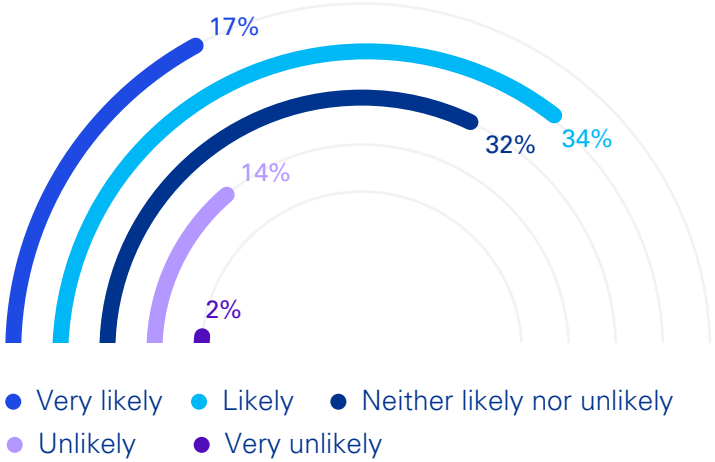
Software becomes the battleground

Nearly half of automotive executives expect software and digital technology to become the primary source of competitive differentiation in 2035. As products become increasingly connected and software-defined, competitive advantage will be determined less by hardware specifications and more by the ability to continuously deliver new functionality, customer experiences and business models through software.

While much of the AI discussion still focuses on productivity and operational efficiency, the commercial upside may be even greater. However, our data suggest that companies will need to distinguish between features customers are willing to pay for, those that they are not willing to pay for but are still necessary, and those that they are neither willing to pay for nor needed, and then make efficient investment and make-or-buy decisions accordingly.

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Figure 9: Software and digital technology will be the primary source of our competitive differentiation

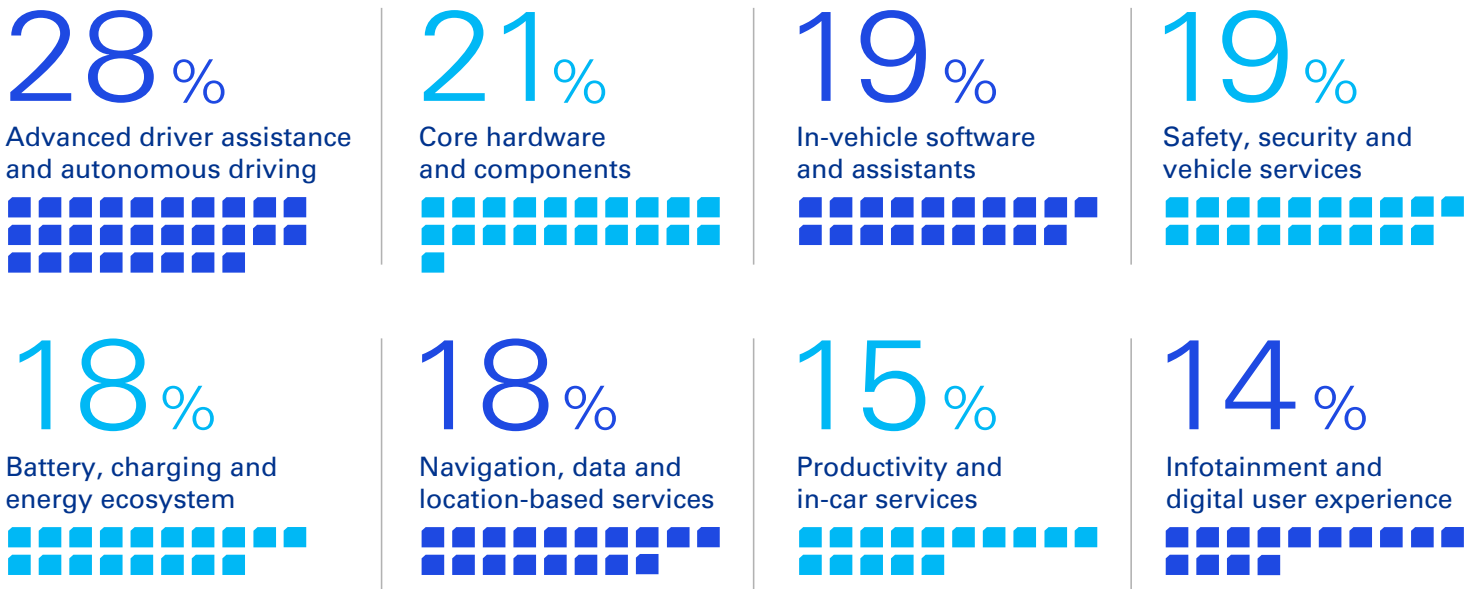


Q: Thinking about your company in 2035, how likely do you think each of the following scenarios is?

Source: 26th Global Automotive Executive Survey.

Figure 10: How do vehicle buyers currently perceive the value of the following in-vehicle features?

Share of executives who believe customers are willing to pay extra for this feature



Source: 26th Global Automotive Executive Survey.

> “Organizations that can industrialize AI faster than competitors will likely be better positioned to capture productivity gains, accelerate decision-making and create sustainable competitive advantage.”

Bernhard Lang, Partner, Consulting and Global Lead, Digital & AI Transformation, KPMG in Germany

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Selling vehicles to selling mobility

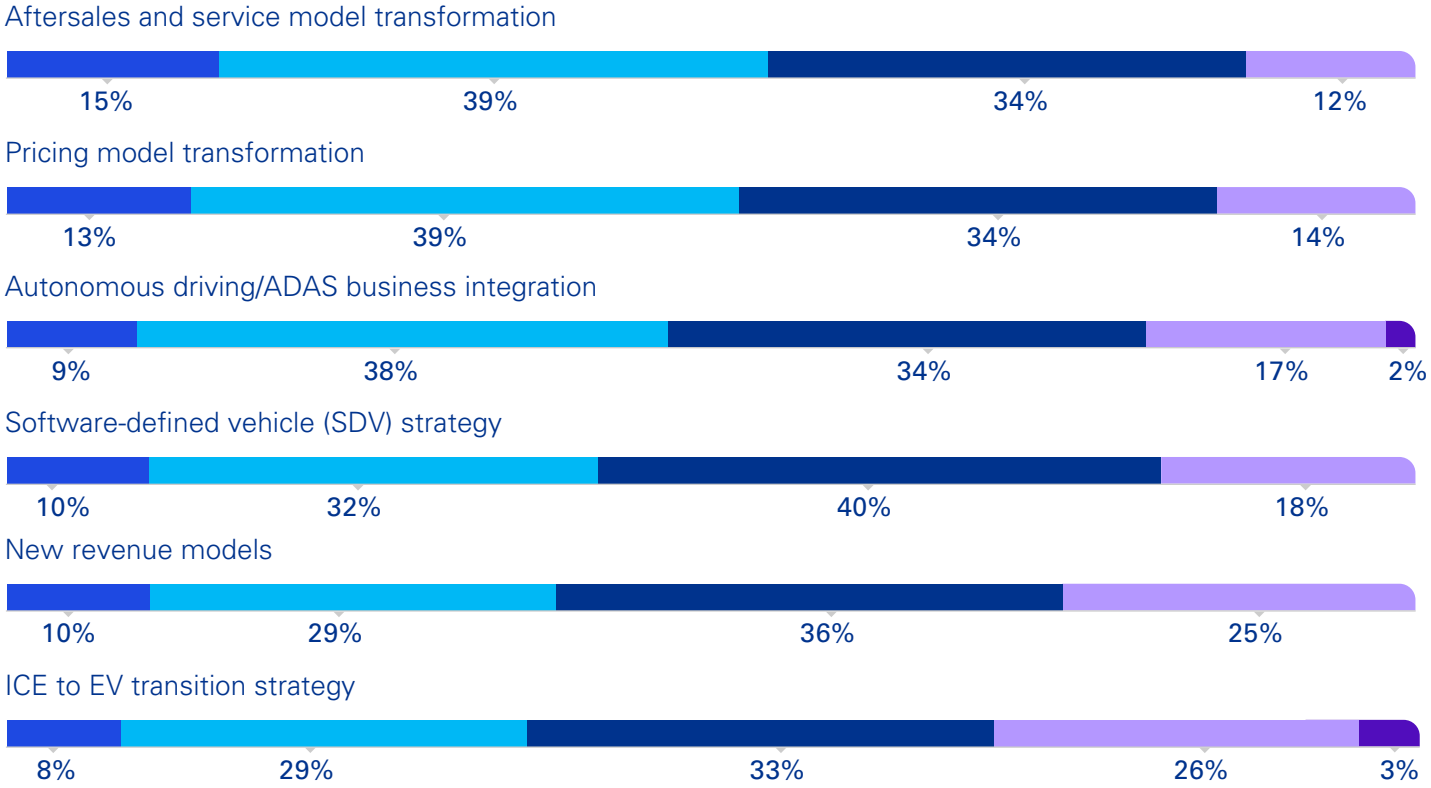
What is clear from our data is that players across the value chain are rapidly adapting to a world led by software-defined vehicles (SDVs). Forty-nine percent already describe their software-defined products and over-the-air capabilities as established or embedded, and 42 percent say the same about their overall SDV strategy.

Competition is moving toward AI, advanced driver-assistance systems, intelligent cockpits, software-defined vehicle architecture and connected services. OEMs need to strengthen their ability to integrate hardware, software and data, while shortening development and iteration cycles.

The automotive industry's AI ambitions are increasingly outpacing execution. Many leadership teams are still anchored in traditional business models and have yet to fully define their role in future mobility ecosystems. As AI reshapes value chains and competitive dynamics, companies that fail to adapt risk losing relevance.

Figure 11: How would you rate your company's current level of maturity in each of the following?

Select one per row



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Scaling AI is still a challenge

Our data suggests many auto sector players are struggling to move from ambition to action on the AI agenda. Indeed, 92 percent of companies say it is taking them 12 months or more to scale a new digital, software or AI use case from pilot to enterprise-wide deployment, and over a third say it takes more than two years. But even more problematic is that only a small proportion ever make it beyond the sandbox stage; on average, just 36 percent of AI and software initiatives have been scaled beyond pilot and adopted across the organization.

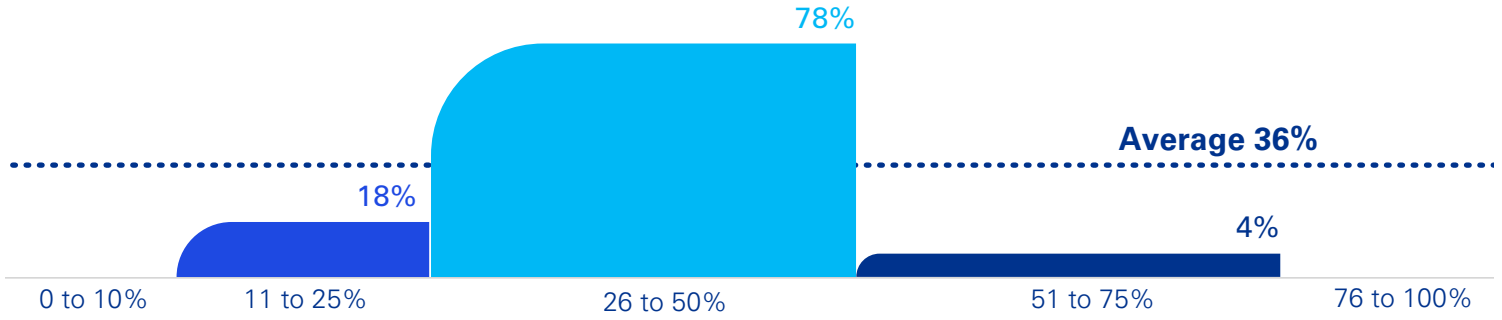
Closing the ambition gap

At the same time, a significant gap remains between investment and governance. While a majority of executives report substantial investments in AI and emerging technologies, fewer have implemented clear enterprise-wide governance frameworks. As software, data and AI become core strategic assets, effective governance and ownership will be critical. Companies that lose control over these capabilities may find themselves dependent on external providers.

Pacesetters seem to have closed the gap between ambition and action faster than their peers. Sixty-one percent believe AI will reduce their operating costs by more than 20 percent, compared with 39 percent of other companies. Pacesetters are also considerably more prepared for technological disruption generally: 56 percent describe themselves as prepared, compared with 41 percent of everyone else.

Figure 12: Approximately what percentage share of your company's AI and software initiatives have been successfully scaled beyond pilots and adopted across relevant parts of the organization?

Enter precise percentage (0% to 100%)

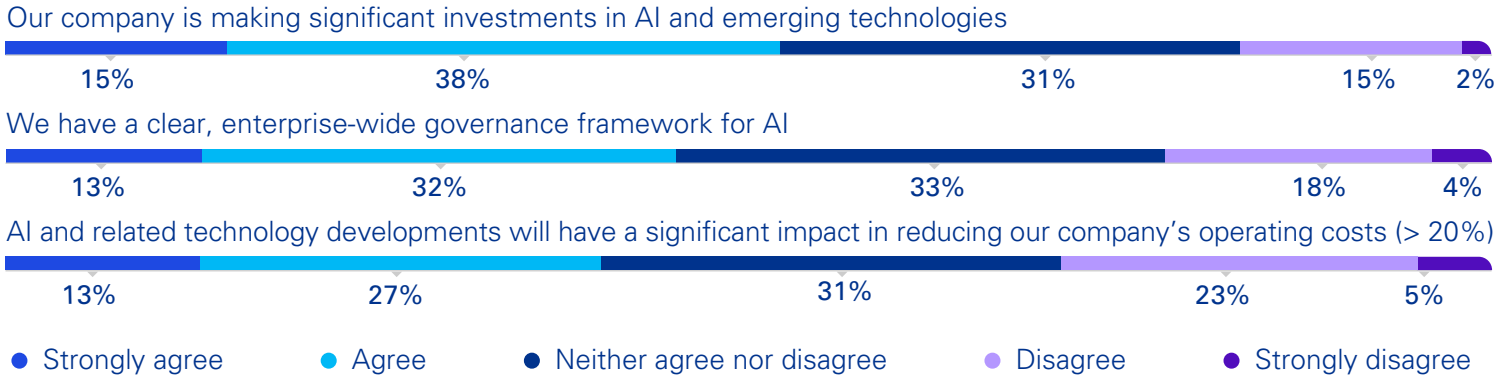


The responses were collected on a slider scale

Source: 26th Global Automotive Executive Survey.

Figure 13: To what extent do you agree with each of the following statements about AI and emerging technologies in your company?

Select one per row



Source: 26th Global Automotive Executive Survey.

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Emerging tech, emerging capabilities

Overall, AI maturity seems to be lagging digital maturity, particularly when applied operationally. In our survey, digital strategy and value realization is the most mature capability companies report, at 56 percent established or embedded, while AI and analytics adoption sits at 42 percent. Within supply chain and operating models specifically, AI and data-driven decision-making maturity is lower still, at 37 percent — the lowest-maturity capability measured anywhere in the survey.

Figure 14: How would you rate your company's current level of maturity in the following digital transformation initiatives?

Embedded (fully integrated, scaled, and regularly improved) and Established (implemented consistently across key areas)



Source: 26th Global Automotive Executive Survey.

What can executives do next

01

Scale AI beyond the pilot.

Establish a clear AI operating model, invest in high-quality data foundations, and build the capabilities needed to move AI from pilot to enterprise wide adoption.

02

Govern AI before you scale it.

Match AI governance investments to AI ambitions. Define accountability for AI-driven decisions, establish effective human oversight, and put governance frameworks into place before taking the next step.

03

Match SDV strategy with delivery.

Bring strategy, delivery and commercial ambition into alignment. Treat the shift toward software-driven revenue streams as a near-certainty and build the organizational capabilities required to capture them.

04

Own what matters most.

Identify the digital assets that will define future competitiveness and retain control over them. Partner strategically where ownership is not critical.

05

Make deployment speed a leadership KPI.

Measure how quickly proven technologies move from pilot to scale, and manage deployment speed with the same rigor as cost, quality and performance.

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Expert interview

Interview with John Lawler, Vice Chair, Ford Motor Company

How is Ford Plus helping the company deliver on its core strategic objectives?

We recognize that our industry is low margin, highly cyclical, capital intensive and low growth, which drives poor returns. Ford Plus is about becoming more capital efficient: reusing platforms, partnering where we're not most competitive, and growing higher-margin, less cyclical software and service revenue.

Is diversification part of the strategy for Ford?

We look for adjacencies close to our core strengths, like manufacturing complex things at scale. Our LFP battery technology, originally built for vehicles, is now also going into battery storage for the grid and data centers as automotive demand shifted.

What are you doing to close the gap between hardware investment and returns?

As an industry, we spend billions building the hardware yet often capture only a small share of the value it generates. We're looking to partner with, or acquire, the players capturing outsized returns on the back of that hardware investment, so more of that value comes back to us.

How is Ford rethinking the vehicle itself?

We asked what a vehicle is beyond hardware, essentially a connected device. That led to our PACE framework: products, accessories, services and experiences. Customer-facing software has been a pain point industry-wide, and connecting vehicles was the necessary first step.

What does trust mean for your commercial customers?

For commercial customers, the vehicle is a livelihood tool. Without it, they can't work. We're building toward predictable uptime: predictive maintenance before something fails, and servicing vehicles at their job site so they never have to go out of service.

When does Ford choose to partner instead of build?

We partner where it won't differentiate us, sharing platforms or technology that would otherwise cost more to develop ourselves. It has to work for our partner, for us, and for our dealers, while we still invest where differentiation truly matters.

What structural shift do you expect in the next decade?

I expect a reckoning in the global supply base within ten years. Chinese suppliers are working to establish the lowest-cost base outside China itself, and many established suppliers may not adjust their cost structures fast enough to keep pace.

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Five Ts of Transformation

Scale Trust

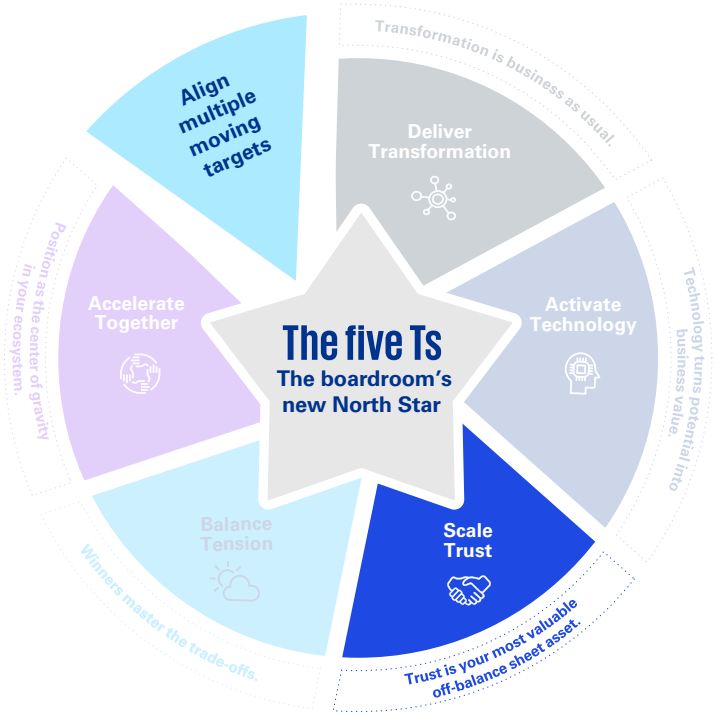
Trust can support long term business value.



AI generated image

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T3



Key takeaway

Trust is no longer a static brand asset built over decades. It is now an active enterprise capability that must be earned and re-earned across every digital and physical customer touchpoint.

Executives increasingly believe trust in connected and digital features will decide which companies win over the next three years. But far fewer have turned trust into measurable commercial value. Pacesetters report being ahead but also report they are not uniformly stronger at the operational work of building trust in the first place.

In a world where trust is becoming automotive's most valuable off-balance-sheet asset, companies need to engineer, measure and monetize trust with the same rigor they apply to technology and performance.

Figure 15: Over the next three years, trust in digital/connected features will have a significant influence on which companies win or lose



Source: 26th Global Automotive Executive Survey.

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Trust is rapidly becoming the key differentiator in an industry awash with competition. Already, half of all auto sector executives (50 percent) think that trust in their digital and connected features will have a significant influence on whether they win or lose over the next three years.

Trust becomes a core asset

In the longer term, in an increasingly digital automotive world, trust is becoming one of the industry's most valuable assets. In fact, around half of our respondents say that by 2035 — even as they expect customers to discover, evaluate and purchase vehicles through digital channels — they believe brand trust will remain a critical factor in their final decision.

Leveraging trust to value remains a challenge

The study reveals that the pacesetters strongly believe that customers trust the quality and safety of their connected features. They are also significantly more successful at translating trust into commercial value and see trust as a key determinant of future success (59 to 50 percent). Trust is no longer defined solely by product quality or digital experience. It is created through the consistent combination of safety, reliability, transparent data use and seamless customer interactions across every touchpoint.

The expectation gap is growing

As vehicles become increasingly software-defined, customer expectations are outstripping organizations' ability to keep up. Executives acknowledge that advanced digital and AI-enabled features are becoming critical trust moments, yet many companies still struggle to meet evolving consumer demands.

Closing this gap requires more than technology investment alone. It demands a customer-centric approach that combines intuitive digital experiences, transparent data practices and reliable performance to support trust keeps pace with innovation.

> "The winners will likely be those that create a connected ecosystem spanning vehicle, services, finance and aftersales, supported by consistent data and ownership of the customer relationship in a way that allows them to extend their brand trust in an environment driven by AI agents."

Tom Lurtz
Partner, KPMG in Germany

Figure 16: My company is struggling to meet consumer expectations around advanced digital/AI-enabled features



Source: 26th Global Automotive Executive Survey.

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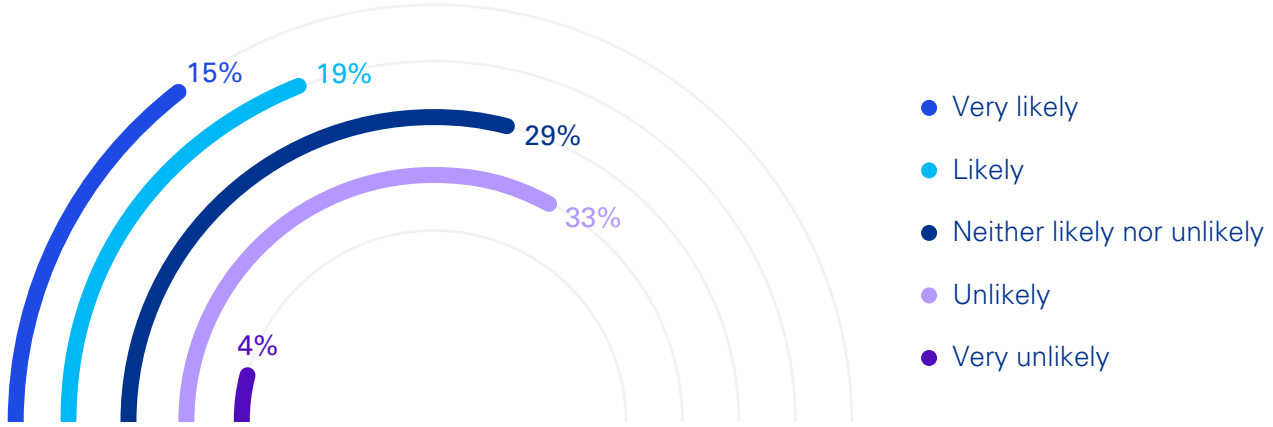
Today's safety promise extends beyond brakes and airbags

As software, connectivity and AI become more central to the automotive proposition, maintaining customer confidence in both the vehicle and the digital ecosystem surrounding it will be essential.

Ultimately, competitive success will depend not only on delivering superior products, but on building enduring customer relationships that extend far beyond the vehicle itself. That will require companies to address safety across both digital and physical interactions as a key part of their competitive positioning and revenue growth.

In the software-defined vehicle era, premium is increasingly measured by digital trust. Customers expect brands to protect not only their safety on the road, but also their data in the digital ecosystem. This fundamentally changes the risk landscape. A major cyber incident, for example, could inflict financial, operational and reputational damage that exceeds the consequences of a traditional manufacturing crisis. More than one-third of executives expect at least one major OEM to face such an event by 2035.

Figure 17: By 2035, I expect a top 10 automotive OEM will have experienced a severe cyber incident causing significant financial losses, operational disruption, or insolvency



Source: 26th Global Automotive Executive Survey.

> With the enormous reach of Formula 1, we have a unique opportunity to attract new customers, particularly among younger audiences. Combined with the growing commercial potential of the sport, this makes Formula 1 a strategically and economically sound investment for Audi."
>
> **Jürgen Rittersberger**
> Member of the Board of Management of
> AUDI AG Finance, Legal Affairs and IT

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What can executives do next

01

Build one operating model.

Redesign around customer lifetime value and outcomes rather than individual functions. Give one team ownership of the full customer relationship across vehicle, finance, service and ownership.

02

Prioritize AI and data governance now.

Treat AI and data-ethics governance as seriously as cyber-security and risk management.

03

Turn trust into a revenue line.

Set explicit commercial targets for trust (retention, referrals and pricing power, for example) and measure progress against them consistently and continuously.

04

Fix the journey before adding more of it.

Address the seams between digital and physical touch points directly. Closing this gap matters more than adding new digital capabilities on top of a broken journey.

05

State plainly how customer data is used and protected.

Close the gap between how safe customers feel about connected features and how safe they feel about their data specifically.

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Expert interview

Interview with Joseph F. Fadool, President and Chief Executive Officer, BorgWarner Inc.

What is BorgWarner's core strategic focus today?

We learned through the electrification wave that you can't anticipate the future too precisely. Our strategy now is building flexibility into our product portfolio, R&D, manufacturing and supply base, so we can respond to whichever direction demand moves.

How is BorgWarner finding growth in a flat market?

While the outlook for automotive end markets is basically flat, we see significant opportunity for continued growth outside automotive, pivoting part of our portfolio and revenue into the data center space by leveraging the core competence we already have.

How are you planning amid such unpredictable demand?

You can't build in every contingency, but we're planning across a wider range of scenarios now, instead of committing to one fixed EV-penetration curve. Betting everything on a single demand trajectory no longer makes sense in this market.

Where do you see AI playing a role within your organization?

For us, AI is less about growth and more about productivity and quality. Speed is the underspoken advantage of GenAI. We want every one of our 38,000 employees to be GenAI-fluent, giving everyone the tools to be more productive every day on strategic tasks.

How does trust factor into competing in China?

Relationships still go a long way in China — you need real customer intimacy to win there. We believe that if you can win in China, you can win outside of China too, since global players will eventually need trusted partners to help them localize.

How are you bringing your supply base into new markets?

Nobody stands up capacity faster than an automotive supplier, so as we move into data centers and defense, we're bringing our tier twos and threes with us. They get a new growth outlet beyond electrification, and we get to leverage that scale and speed.

Where do you see supplier strategy heading next?

The mega-supplier model, trying to transform across three or four domains at once, has gone out of vogue. We believe a focused, pure-play strategy is right for now, especially with software-defined vehicles, where nobody yet knows who will ultimately capture the value.

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Five Ts of Transformation

Balance Tension

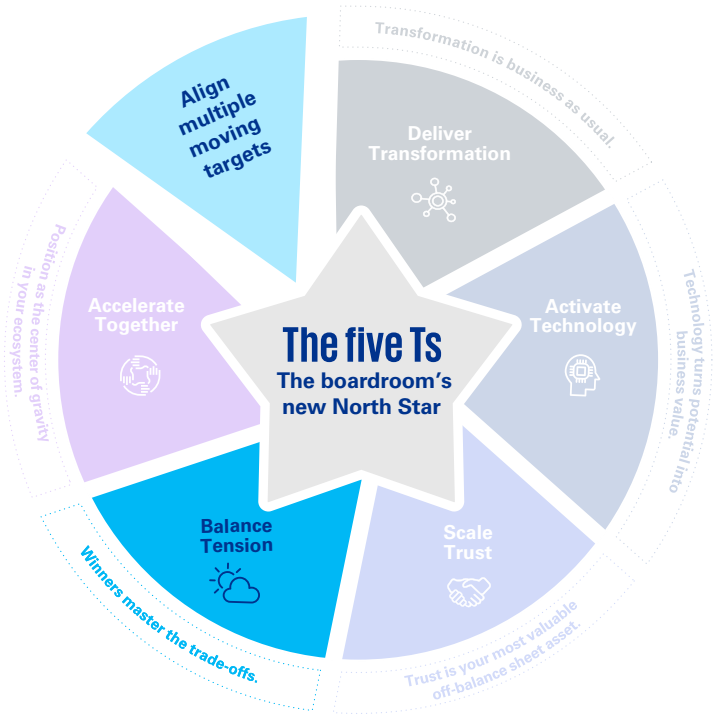
Winners master the trade-offs.



AI generated image

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T4



Key takeaway

Volatility has become the baseline operating condition for the automotive industry. Speed to market versus quality ranks as the single highest-priority tension companies expect to manage over the next three years while trade and tariffs top the list of regulatory concerns. Pacesetters are twice as likely as their peers to say they are treating supply chain resilience as a top strategic priority, and they report greater operational maturity to back it up. This year, execution is what separates pacesetters from the rest.

In a world where winners master the trade-offs, volatility is creating a new leadership model: adapt faster, invest smarter and monetize longer.

In an environment shaped by geopolitical uncertainty, technological disruption and shifting market dynamics, managing competing priorities has become a core leadership capability. Success increasingly depends on an organization's ability to continuously balance tensions such as resilience and efficiency, scale and customization, as well as control and external collaboration.

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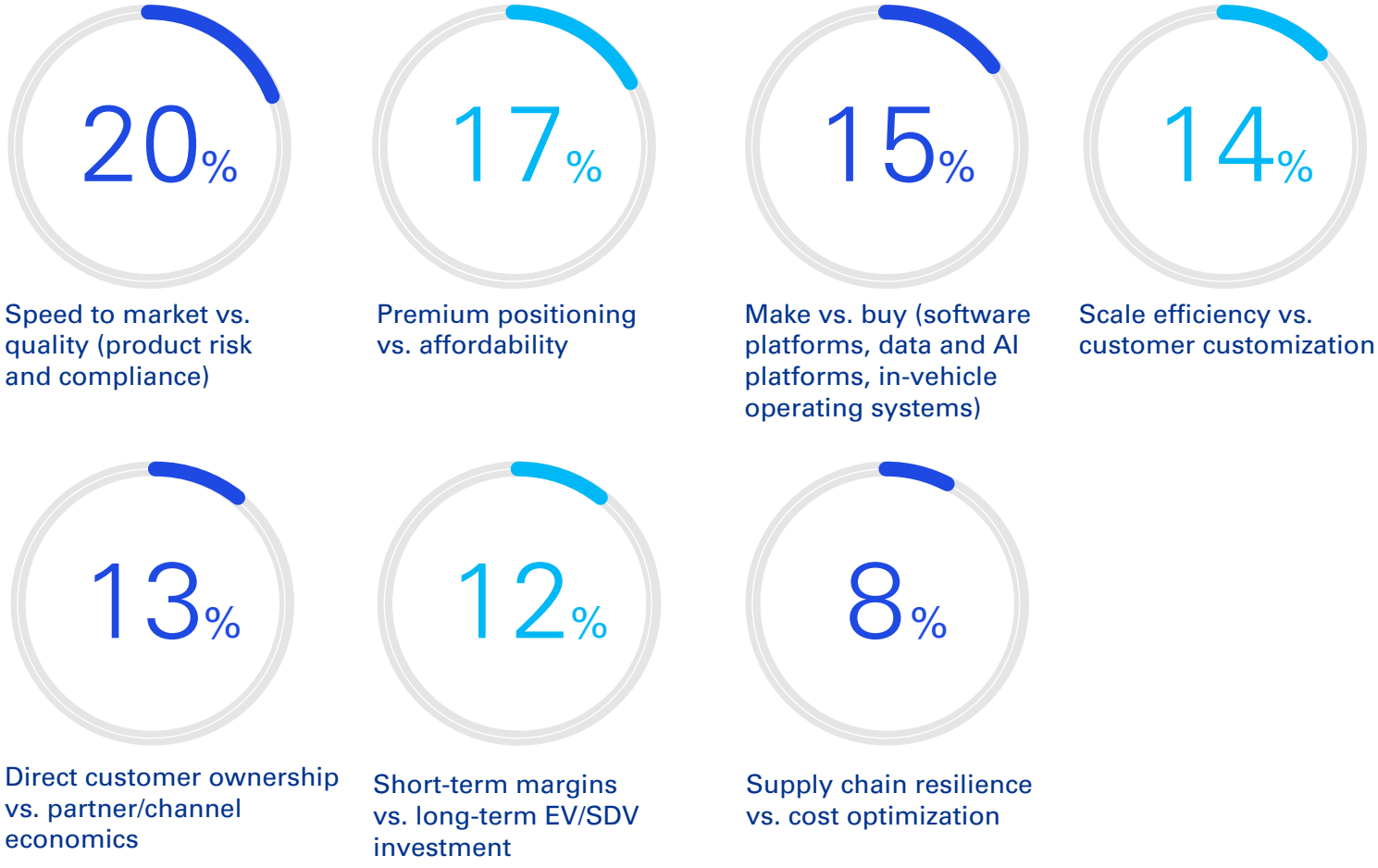
Making the trade-offs that matter

Auto sector executives are navigating increasingly complex trade-offs as they pursue transformation goals. Balancing efficiency with customization, resilience with cost, and in-house capabilities with external partnerships requires difficult choices across every part of the business. Perhaps not surprisingly, the tension executives name most often as their top priority for the next three years is speed to market versus quality, cited ahead of pricing, ownership models and technology investment.

> Rising trade risk is pushing companies toward an in-region, for-region footprint. The shift to NEVs is exposing legacy distribution and supply chains to real vulnerability and margin compression, which is why vertical integration around critical components may help strengthen upstream and downstream resilience."

Luther Kang
Elevate Lead, KPMG China

Figure 18: Over the next three years, which strategic tension will be the highest priority for your company to manage?
Select one



Source: 26th Global Automotive Executive Survey.

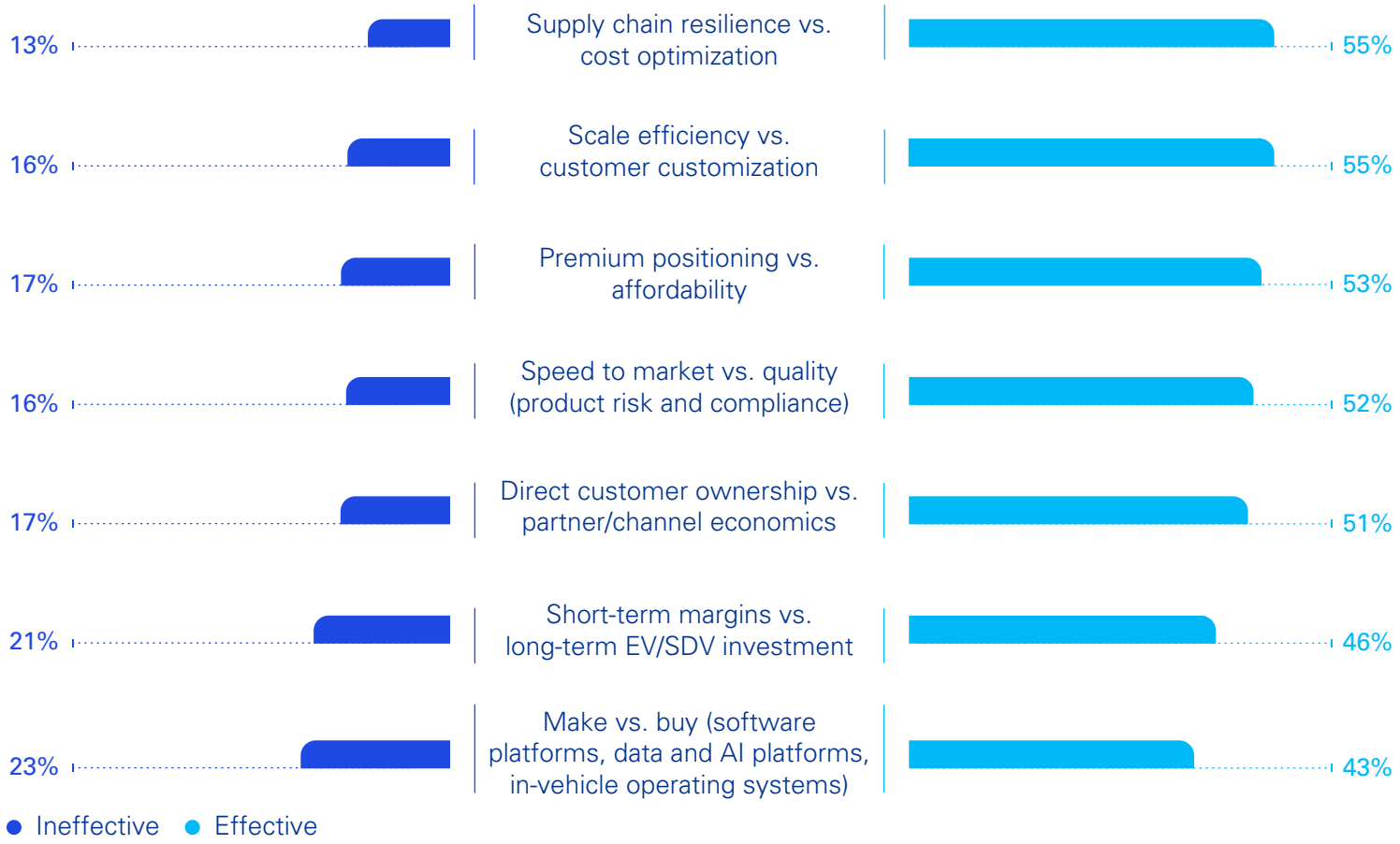
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However, the survey indicates that only around half of executives believe their organizations manage these tensions effectively. Companies are generally more confident in addressing traditional trade-offs, such as balancing supply chain resilience with cost optimization. They remain less effective in navigating newer strategic challenges, particularly decisions around whether to build or buy critical digital capabilities such as software platforms and in-vehicle operating systems.

> Supply chains and operating models designed five to ten years ago often no longer fit today's geopolitical and trade environment. Companies are revisiting where products are manufactured, where inventory is located and how goods move across borders to reduce tariff exposure and increase resilience. And that requires renewed thinking about the trade-offs that must be made."

Peter Schalk
Partner, Tax, Global Head of Automotive Tax, Partner Indirect Tax Services
KPMG in Germany

Figure 19: How effective is your company in managing the following business tensions?
Ineffective vs Effective



Source: 26th Global Automotive Executive Survey.

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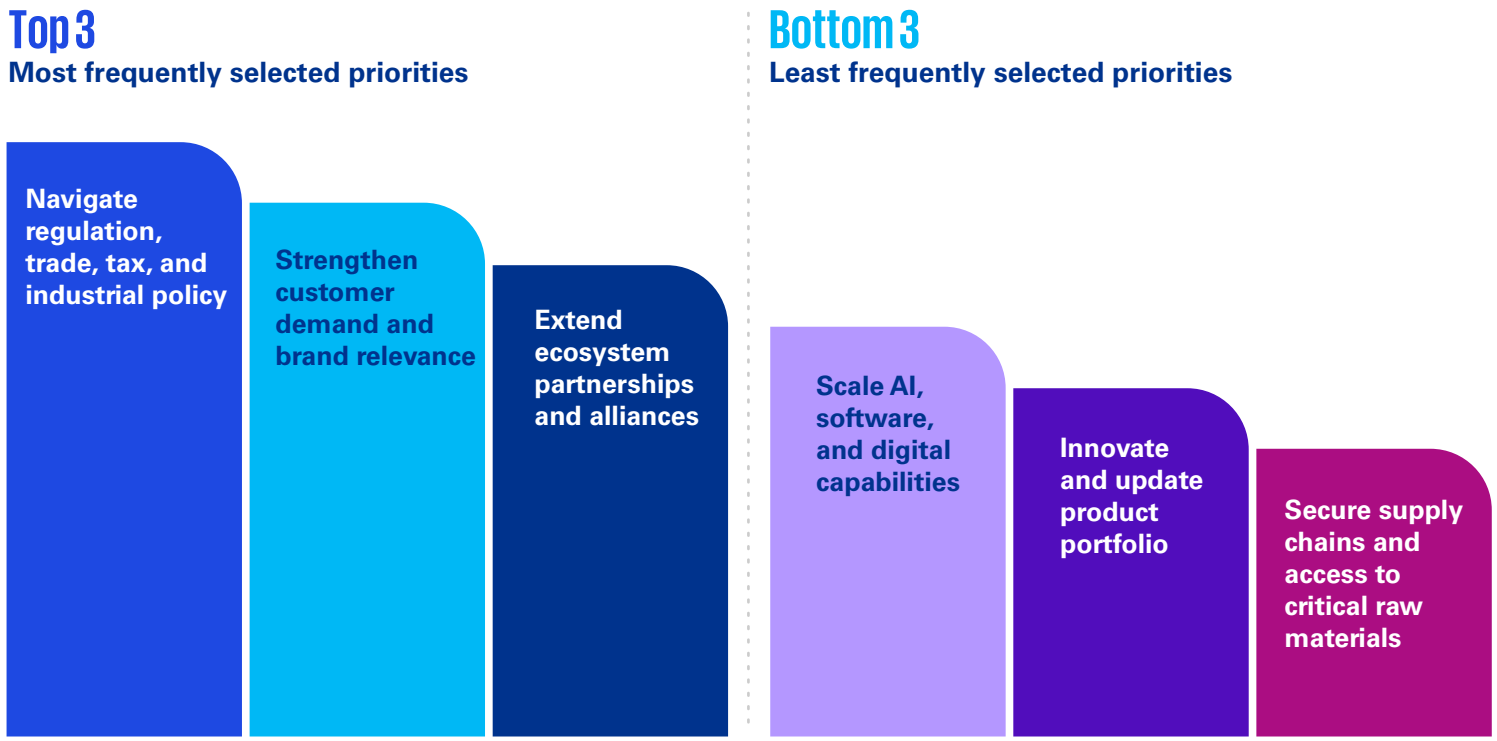
In this context, the shift toward vehicles as tokenized financial assets adds a new layer to the industry's margin-versus-investment dilemma. With 59 percent of pacesetters saying they expect this to be a reality by 2035, companies face a critical choice: optimize today's earnings or invest in the capabilities required to monetize vehicle value over a much longer lifecycle.

Anticipate, adapt, advance

As volatility becomes a permanent feature of the automotive landscape, competitive success will increasingly depend on the ability to anticipate change, adapt quickly and continuously reposition as conditions evolve. The organizations that can manage these tensions most effectively will be better equipped to capture emerging opportunities and respond to unexpected disruptions.

As geopolitical tensions, tariffs and regulatory complexity continue to rise, the ability to adapt and reposition quickly to these developments has become the top strategic priority for the next three years.

Figure 20: In your view, what should be the top three strategic priorities for OEMs and suppliers over the next three years?



Source: 26th Global Automotive Executive Survey.

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What can executives do next

01

Test speed and quality together, before launch.

Build governance that reviews speed-to-market decisions against quality and compliance risk at the same stage.

02

Reassess sourcing and inventory footprint now.

Audit manufacturing and inventory locations against current tariff exposure and rebuild networks still designed around an earlier trade environment.

03

Fund resilience.

Match investment in supply chain resilience to your organization's risk appetite and build the operational maturity to execute on that priority.

04

Set explicit investment gates by market.

Evaluate localization and market-entry decisions against volume, utilization and exit flexibility, treating policy incentives as one input among several.

05

Move toward in-region, for-region footprints.

Restructure overcapacity where trade exposure is highest and build vertical integration around the components.

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Expert interview

Interview with Venicio Marciano Monteiro, President and COO, DENSO South America

Where are you focusing your transformation efforts today?

Our transformation efforts are centered on reshaping our portfolio to align with the future of mobility while remaining closely connected to the unique realities of each region. Our strategy is to evolve our portfolio in line with these trends while helping customers navigate an increasingly complex transition.

We believe DENSO's differentiation comes from combining innovation with the quality, reliability, and trust that customers have associated with our brand for decades.

How are you balancing long-term investment against short-term pressure?

Our approach is to protect future investment capacity by continuously strengthening the competitiveness of our core business. At the same time, we work closely with customers and suppliers to identify opportunities earlier, reduce complexity, and accelerate decision-making.

In our experience, sustainable investment is not simply a financial exercise. It is the result of building an organization capable of generating efficiency today while preparing for the technologies and business models that will shape tomorrow's mobility ecosystem.

What have you learned about scaling new technology?

One of the most important lessons we have learned is that technology by itself rarely creates competitive advantage. The challenge is not proving the concept. The challenge is achieving repeatability and valuable business impact across an entire organization.

For that reason, we are focusing on scalable solutions. When technology is supported by clear processes, leadership commitment, capability development, and measurable outcomes, it becomes a driver of transformation rather than an isolated experiment.

How does DENSO build trust across its ecosystem?

At DENSO, trust is established through consistent execution, transparency, and a long-term perspective. We work closely with suppliers not only on cost and delivery, but also on safety, quality, sustainability, innovation, and risk management.

For our customers, trust means delivering products that meet the highest standards of safety, quality, reliability, and performance, while remaining responsive to evolving market needs. Ultimately, trust is earned over time through actions, and it remains one of our strongest competitive advantages.

Why are partnerships becoming so central to your approach?

The future of mobility will be shaped by interconnected ecosystems that combine expertise from automotive manufacturers, suppliers, software developers, technology companies, universities, startups, and public institutions. The winners in the next decade will likely be those who build the strongest ecosystems, not necessarily those with the largest individual organizations.

For this reason, partnerships have become a strategic necessity rather than an optional advantage. By collaborating closely across the ecosystem, we can accelerate innovation, reduce development cycles, share knowledge, and deliver solutions to market more efficiently.

What disruption do you expect over the next decade?

I believe the most significant disruption will be the convergence of electrification, software-defined vehicles, artificial intelligence, connectivity, and autonomous driving into a new mobility ecosystem.

Autonomous and connected mobility will create entirely new opportunities for productivity, entertainment, commerce, and personalized services. At the same time, business models will continue shifting from product-centric approaches toward platform-based ecosystems supported by software, data, and recurring services.

Organizations that combine technological capability, customer understanding, manufacturing excellence, and ecosystem collaboration will be best positioned to capture value from this transformation.

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Five Ts of Transformation

Accelerate Together

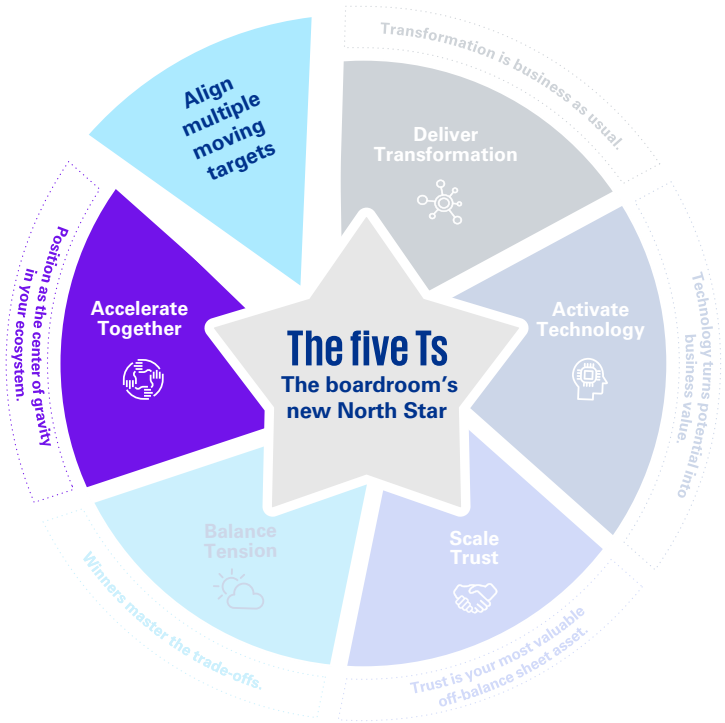
Position as the center of gravity in your ecosystem.



AI generated image

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T5



Key takeaway

No company can master every capability the next decade of mobility will require on its own. Electrification, software platforms, AI and evolving customer expectations span far more disciplines than any single organization can build alone. The industry's own aspirations reflect that: more companies now want to orchestrate a wider ecosystem than want to simply participate in someone else's. Pacesetters have already moved further in that direction, sharing more data with partners and placing more weight on getting the make-versus-buy decision right. But partnership brings real exposure, too. Quality risk and loss of control over the customer relationship remain the top concerns companies raise about opening up further.

In a world where ecosystem integration is all about becoming impossible to ignore, scale increasingly comes not from what you own, but from who you enable.

Ecosystems are becoming a central growth strategy in the automotive industry. Companies increasingly aim to position themselves as orchestrators of networks and partnerships, controlling customer relationships and value creation across a broader ecosystem.

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> The advice for suppliers and OEMs is around collaboration, partnership and greater openness to new business models. No company can do everything alone anymore. Success will increasingly depend on understanding where to lead, where to partner and which capabilities to build internally versus source through the ecosystem."

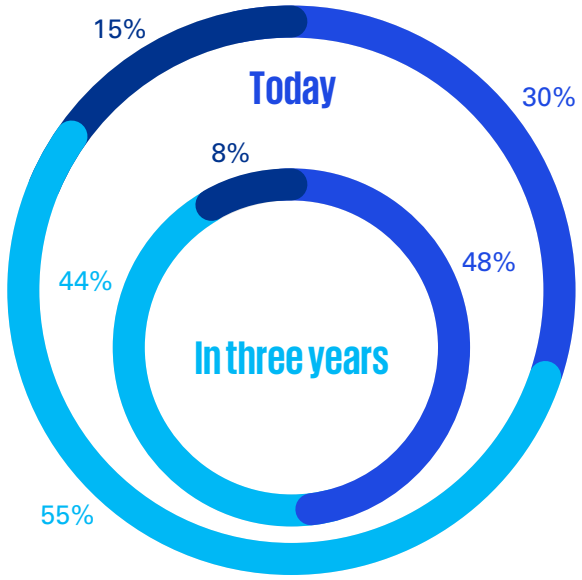
Dave Royce
Partner, KPMG in the US

Everyone wants to be in the driver's seat

The survey shows a clear shift away from being a participant in another company's platform and toward taking a more active and influential role within interconnected business models. Leading companies are already further advanced in this transition, recognizing that future success will depend on the ability to collaborate, innovate and scale through ecosystems rather than relying solely on internal capabilities.

Figure 21: Which best describes your company's primary role in its ecosystem today, and which role do you aspire to play in three years?

Select one per row

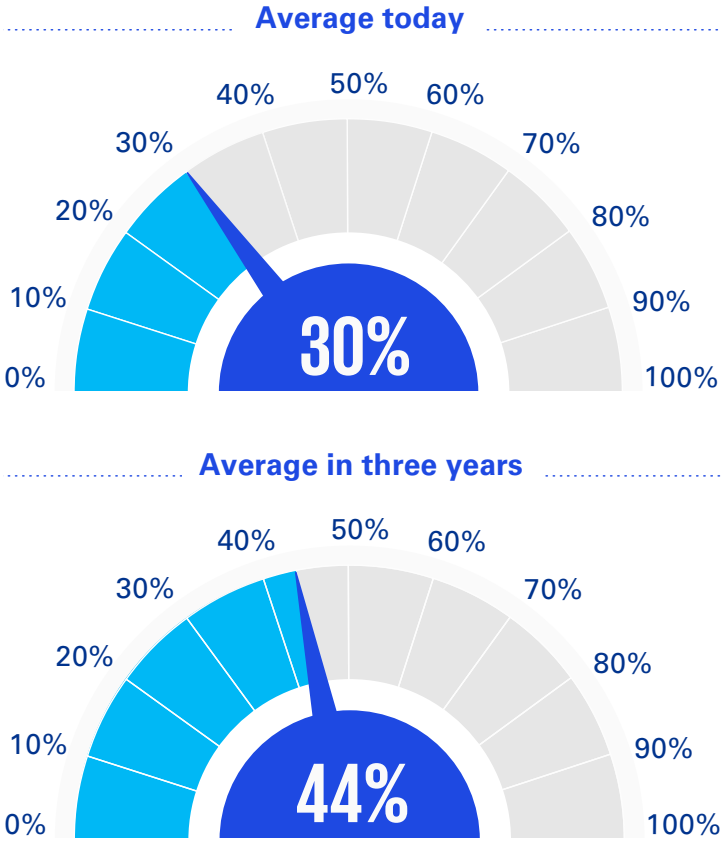


- Ecosystem orchestrator (owning customer interface and value allocation)
- Lead co-creator (shared control with key partners)
- Participant (contributing capabilities within others' platforms)

Source: 26th Global Automotive Executive Survey.

Figure 22: Approximately what percentage share of your company's total value creation is/will be enabled by external partnerships and ecosystems today and in three years?

Enter a percentage (0% to 100%)



Source: 26th Global Automotive Executive Survey.

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In addition, automotive executives recognize the importance of building partnerships, with the percentage of respondents expecting value creation to be enabled by external partnerships and ecosystems rising from 30 percent today to 44 percent over the next three years.

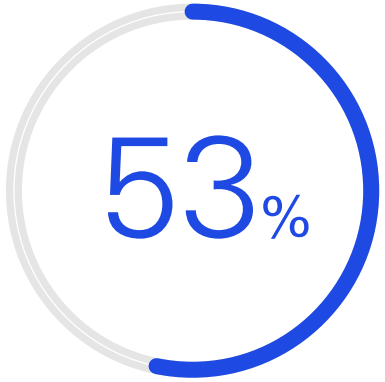
In our survey, respondents report being most focused on striking up supply chain alliances, followed closely by R&D and innovation partnerships, circular economy partnerships and regional alliances.

> Capital in the autonomy space has stopped spreading evenly and has concentrated around integrated operators and aggregators. Technology-only models may face greater commercialization challenges."

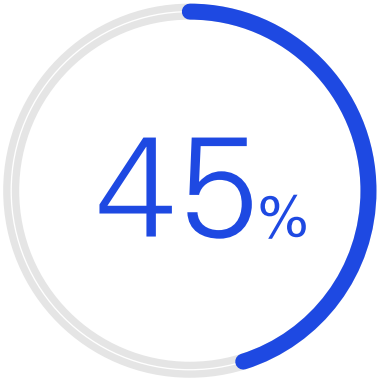
Hugh Nguyen
Partner, AV Lead Automotive, KPMG in the US

Figure 23: What three types of strategic partnerships and alliances will be most critical to your company's success in the next three years?

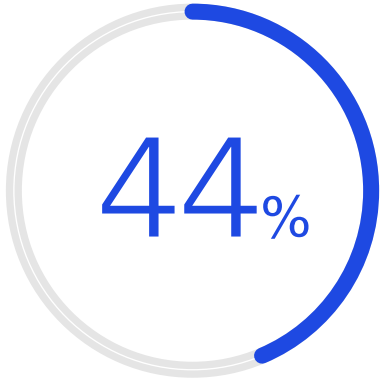
Select all that apply



Supply chain alliances (e.g., material suppliers, manufacturers)



Partnerships focused on research and development (R&D) and innovation (e.g., advanced driving solutions)



Partnerships within the Circular Economy (e.g., recycling companies)

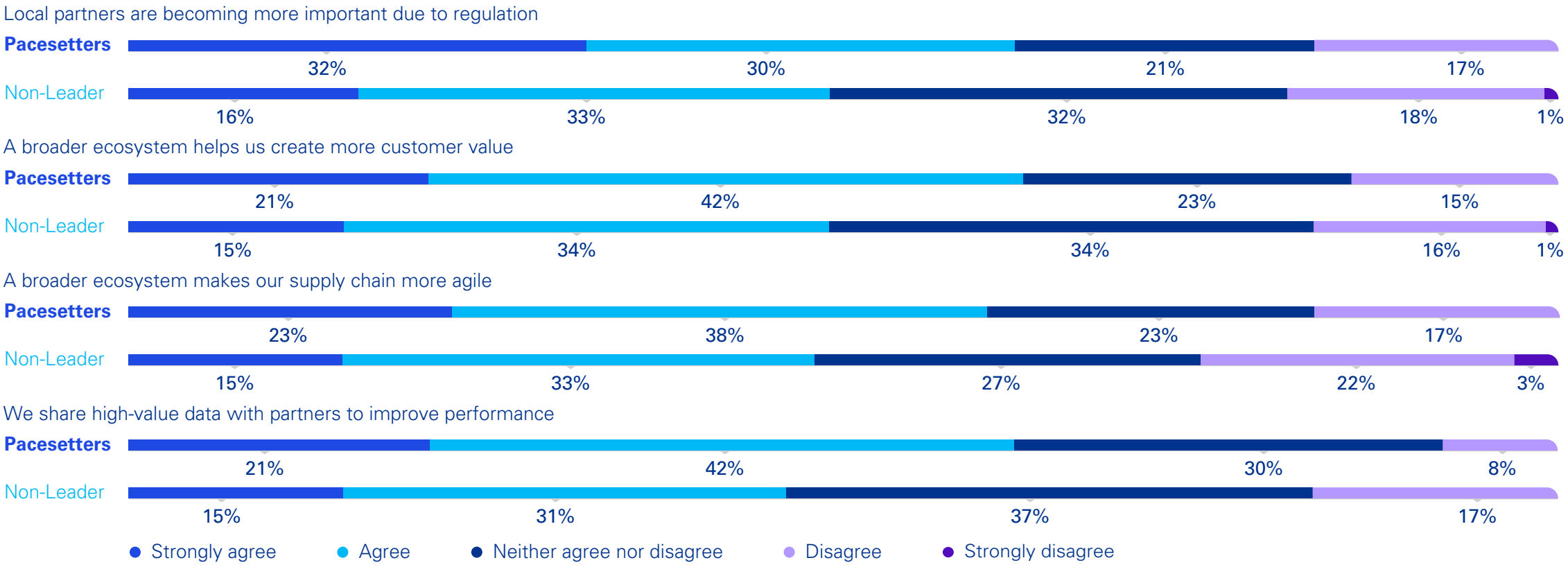
Source: 26th Global Automotive Executive Survey.

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Recognizing the practicalities of partnership

Pacesetters have moved further on the practical mechanics of partnership. Sixty-three percent say they share high-value data with partners to improve performance, compared with 46 percent of other companies. Sixty-two percent say local partners are becoming more important due to regulation, compared with 49 percent elsewhere.

Figure 24: To what extent do you agree with each of the following statements?



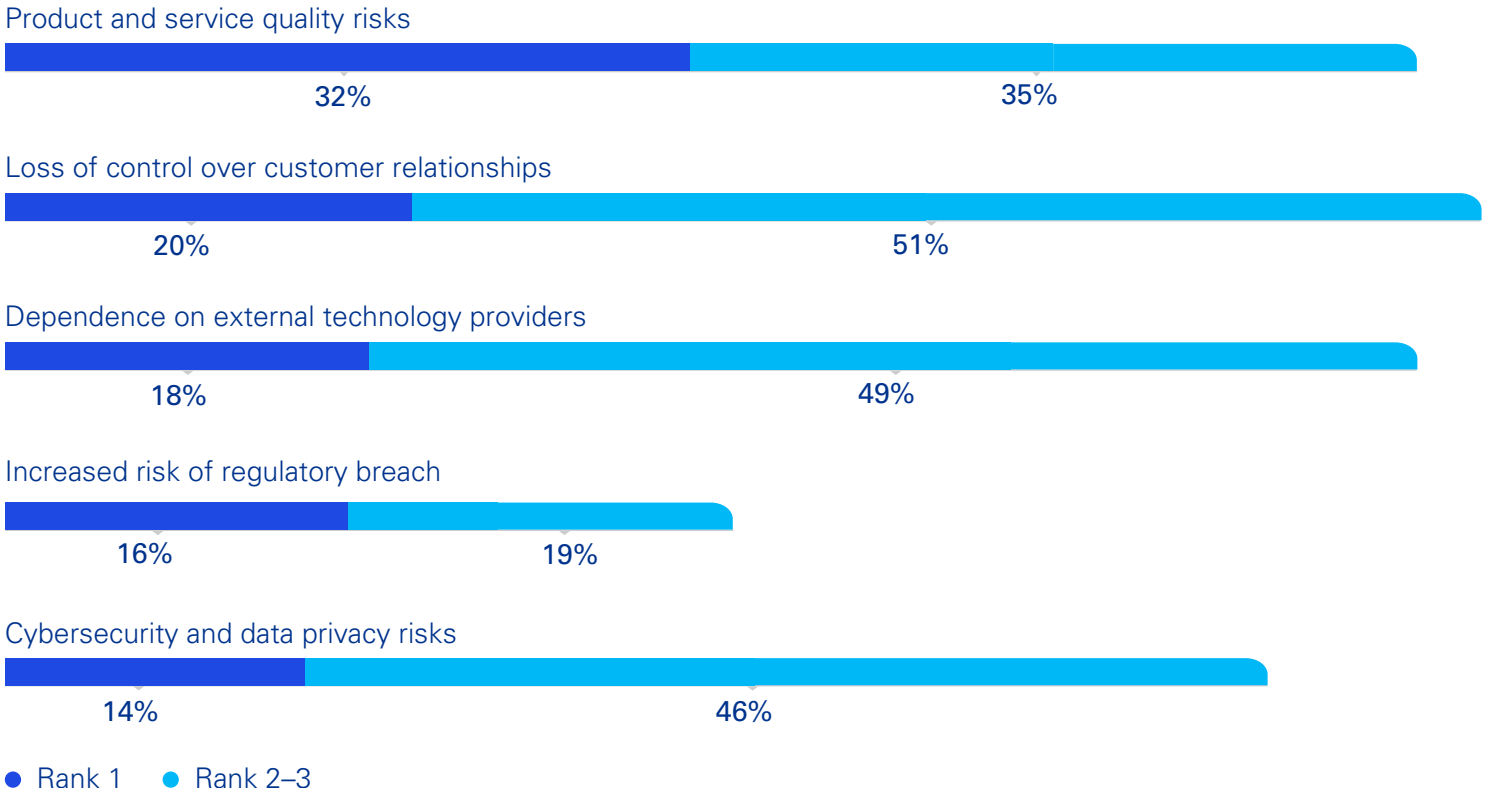
Pacesetter (N-count: 53 to 53) Non-Leader (N-count: 722 to 722)

Source: 26th Global Automotive Executive Survey.

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However, our survey suggests that opening further carries real exposure. Product and service quality risk is the top concern executives raise about working with more suppliers and partners, cited by 32 percent as their single biggest worry, ahead of loss of control over customer relationships, at 20 percent.

Figure 25: What are your organization's greatest concerns about working with an increased number of suppliers/partners?



Source: 26th Global Automotive Executive Survey.

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What can executives do next

01

Choose your ecosystem role purposefully.

Decide between orchestrating, co-creating or participating for each partnership, and revisit that choice regularly.

02

Make data-sharing a partnership discipline.

Build the systems and trust needed to share high-value data with partners.

03

Build quality and control into partnership governance.

Address quality risk and customer-relationship ownership directly in every partnership agreement.

04

Treat make-versus-buy as a standing priority.

Give this tension the strategic attention it demands and review the decision on a regular cycle.

05

Follow the value as it migrates.

Reallocate capital and partnerships toward the technology and software categories gaining value.

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The future, debated

Next automotive value pools
Where to play and with whom to compete?

Regional perspectives
Diverging markets. Competing priorities. No single playbook.

Predictions for 2035
What might change for the industry and the companies

Up for discussion
Last thoughts



AI generated image

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The next automotive value pools

Where future value creation is likely to emerge.

Enduring value drivers

Strategic assets enabling future value capture

Manufacturing and industrial services

Contract manufacturing, engineering and industrial services, production systems and automation, battery manufacturing, advanced materials and components, vehicle and passenger safety

Vehicle sales and aftersales

Repair and maintenance, spare parts, dealer and retail services, fleet services, connected vehicle services, mobility services

Finance and insurance

Leasing, retail finance, fleet finance, insurance, embedded finance



Emerging value pools

Future value creation domains

Data and digital ecosystems

Vehicle data monetization, fleet analytics, location-based services, mobility platforms, digital ecosystems, advertising and commerce

Software defined vehicle services

Vehicle OS, OTA Services, in-vehicle apps, feature-on-demand, personalization services, AI-enabled services, in-car AI

Digital safety and security

Cybersecurity, predictive maintenance, diagnostics, vehicle health monitoring, safety services, compliance services

Autonomous mobility

ADAS functions, autonomous driving services, feature-on-demand, fleet autonomy, remote operations, driving intelligence

Alternative propulsion and charging ecosystems

Battery cell manufacturing, charging infrastructure, energy services, smart charging, hydrogen ecosystems

Cross-industry value pools

Defense

Dual use, etc.

Energy

Bi-directional charging, etc.

Technology

Chips, etc.

Healthcare

In-car well-being, etc.

Food for thought:

Future growth is increasingly shifting beyond traditional vehicle sales into new automotive ecosystems.

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The next automotive value pools

Future value creation, open value capture

Respondents expect different players to lead different value pools. Technology companies are seen as advantaged in software and digital services, while Tier 1 suppliers retain strong positions in hardware and energy ecosystems.

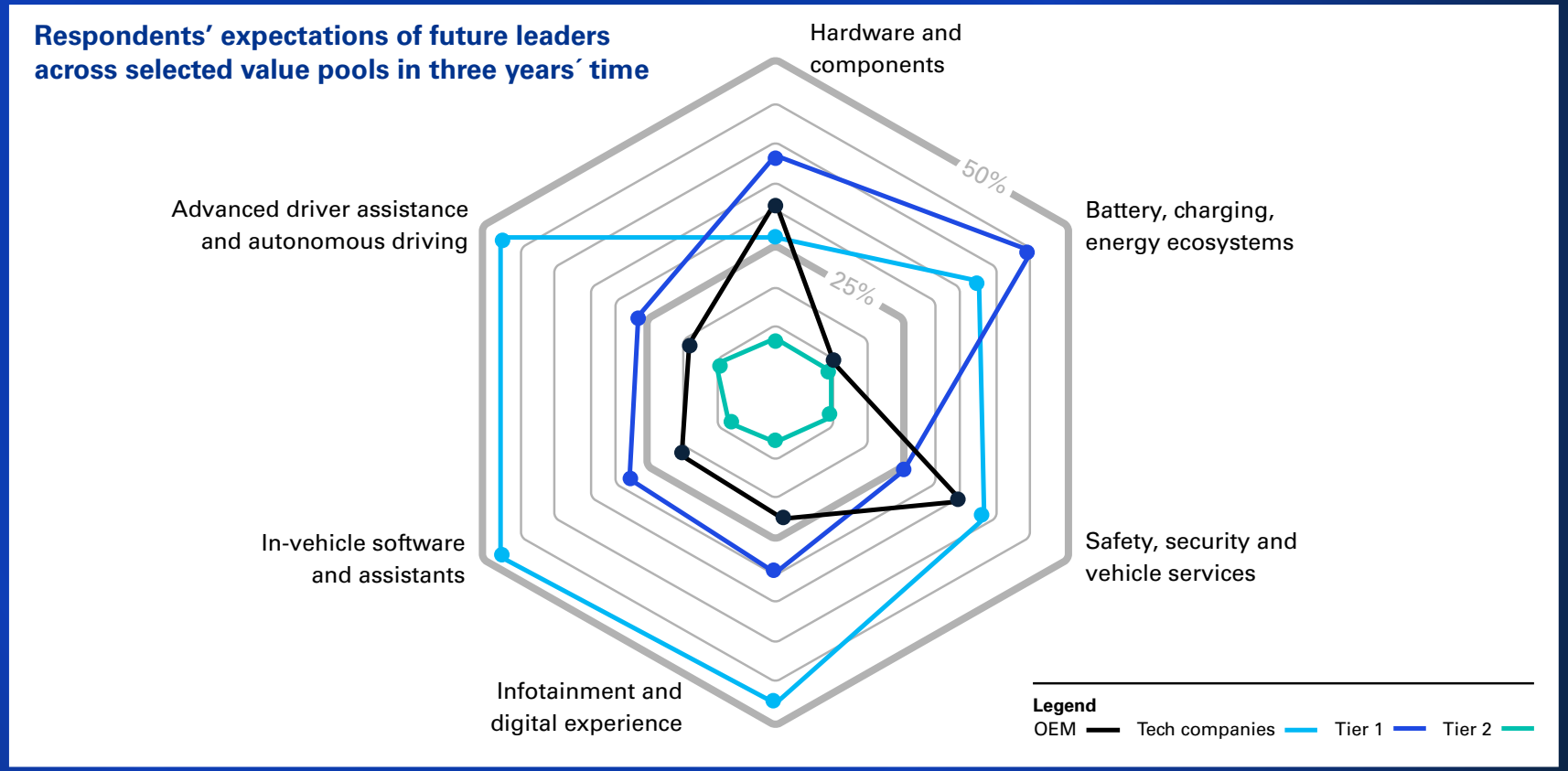
Yet future leadership does not automatically translate into future value capture.

The critical question is whether emerging value pools can be won independently, or whether long-term success will ultimately depend on control of customers, vehicles, production capabilities and financing ecosystems.

Food for thought:

Winning the next automotive value pools may depend on how effectively companies leverage today's strategic assets into tomorrow's ecosystems.

Figure 26: In three years' time, which player do you expect to lead each of the following areas of the automotive value chain? (Select one player)



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Regional perspectives

Diverging markets. Competing priorities. No single playbook.

Europe



Nicolas Nowicki
Automotive Head EMA

The value pool is being rebuilt through transformation

Europe faces a complex balancing act of any major automotive region. Companies must simultaneously defend profitability in mature businesses, fund the transition to electrification and software-defined vehicles, and compete against increasingly aggressive Chinese and global challengers. Unlike APAC, where new value pools are emerging rapidly, or the Americas, where value is expanding into adjacent sectors, European players are being forced to reinvent their existing business models while operating under significant regulatory, sustainability and affordability pressures. The winners will likely be those that can simplify portfolios, reallocate capital decisively, manage cost best and transform legacy scale into future relevance.

What matters most:

- Reallocate capital from legacy to future businesses
- Balance competitiveness, regulation and affordability
- Secure customer loyalty and efficient lead management process

Americas



Lenny LaRocca
Automotive Head Americas

The value pool is expanding beyond the vehicle

In the Americas, value creation is increasingly extending beyond vehicle manufacturing itself. While cost reduction, automation and supply chain localization remain critical, leading companies are using these capabilities to expand into adjacent businesses such as energy storage, defense applications, connected services and financial services. The United States continues to offer an important automotive profit pool, driving investment despite geopolitical uncertainty and tariff discussions. Rather than being defined by technology disruption alone, the region's competitive advantage increasingly comes from leveraging the automotive franchise to capture value across a broader mobility and services ecosystem.

What matters most:

- Defend profitability through localization and scale
- Monetize adjacencies beyond the vehicle
- Turn operational excellence into growth capital

ASPAC



Koichi Iguchi
Automotive Head ASPAC

The value pool is moving east and becoming technology-centric

China is accelerating the global shift of automotive value away from traditional hardware and toward software, batteries, intelligent electronics and AI-enabled services. Over the next three years, executives expect value creation in ICE powertrains and mechanical assemblies to continue declining, while batteries, ECUs, software platforms and AI capture a growing share of industry profits. At the same time, Asia-Pacific is becoming increasingly fragmented. While China advances rapidly toward electrified mobility, markets such as India, Japan and Southeast Asia will continue to support multiple powertrain technologies for years to come. Winning in APAC will require companies to manage this divergence while positioning themselves at the center of the region's emerging technology ecosystems.

What matters most:

- Shift resources toward technology-driven value pools
- Manage multiple mobility futures simultaneously
- Build ecosystems that connect software, energy and mobility

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Regional comparison

One industry. Different starting points. Different priorities.

	Americas	ASPAC	EMA	
Continuous transformation is now the norm for the automotive industry	46%	50%	56%	Top 2: agree and strongly agree
Our company is making significant investments in AI and emerging technologies	48%	57%	52%	Top 2: agree and strongly agree
How would you rate your company's current level of maturity in autonomous driving/ADAS business integration	44%	52%	54%	Top 2: embedded and established
How would you rate your company's current level of maturity in regard to policies and governance for the ethical and compliant use of AI and data	39%	50%	45%	

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Predictions for 2035

What might change for the industry

By 2035, automotive executives expect an industry that is more diversified, more technology-driven and more regionally differentiated than today. Most pacesetters anticipate that traditional OEM business models will evolve significantly, with companies expanding beyond vehicle manufacturing into software, services, ecosystems and new mobility offerings.

A growing share of executives also expect China to play an even more influential role in the global automotive landscape. Pacesetters are notably more likely than non-leaders to believe that 6 of the top 10 OEMs will be headquartered in China in 2035, reflecting the rapid rise of Chinese capabilities in electrification, software and digital innovation.

The survey further suggests that value creation will increasingly shift beyond the physical vehicle. Many executives expect vehicles to become part of broader digital and financial ecosystems, which in turn will create new opportunities around data, software, connected services and platform-based business models. The pacesetters are consistently more optimistic about the emergence of these new value pools than their peers.

Regulation is also expected to evolve significantly. Executives anticipate a changing global regulatory environment that will increasingly shape technology choices, production footprints and market access strategies. Pacesetters appear more convinced that regulatory change will fundamentally reshape the competitive landscape over the next decade.

Ultimately, the findings point to an industry in transition. Success in 2035 is expected to depend less on scale alone and more on the ability to adapt to shifting value pools, leverage technology, participate in ecosystems and respond effectively to increasingly regionalized market dynamics. The pacesetters in our research consistently demonstrate greater conviction in the scale and speed of these changes, suggesting they are preparing for a more transformative future than many of their peers.

48% of respondents think it likely that at least six of the top 10 automotive OEMs will be headquartered in China (24% think this is unlikely).

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Predictions for 2035

What might change for the companies

By 2035, automotive companies expect to have evolved far beyond their traditional role as vehicle manufacturers. Revenue growth is increasingly expected to come from highly individualized customer solutions, while software, data and digital technologies become the primary sources of competitive differentiation.

At the same time, companies anticipate operating in more interconnected ecosystems, where technology platforms, regulators and strategic partners exert growing influence over value creation and profitability.

The industry's business model is also expected to expand beyond vehicle sales toward mobility services and software-enabled offerings. As AI agents, algorithms and automated purchasing systems play a larger role in customer decisions, the way companies market, sell and engage with customers is likely to change fundamentally.

Yet the findings do not suggest that brands become irrelevant. While the number of brands will likely reduce, brand strength will increasingly depend on the ability to translate trust into compelling digital experiences, measurable performance and lasting customer relationships.

Executives also foresee leaner and more technology-enabled organizations, with automation and AI reshaping workforce structures and operating models. The pacesetters in our survey are consistently more convinced than their peers that personalization, software differentiation and AI-driven customer interactions will define future competitive advantage, indicating a stronger expectation of business model transformation.

Overall, the vision for 2035 is clear: it won't just be manufacturing scale that will determine success in the future, but rather the ability to combine technology, ecosystems, supply chain resilience, trusted brands and customer access.

47% of respondents believe that the company's headcount will be less than **50%** of today's (21% consider this unlikely).

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Up for discussion

Deliver Transformation

- Volume growth alone may not deliver greater value. Monetizing the right assets in diverging markets may.
- Operational excellence will no longer be enough. The winners will likely pair cost discipline with brand relevance.
- The business case starts when the keys change hands. Cars may be traded, financed and monetized more like financial assets than physical products.

Activate Technology

- The winners won't likely have the best AI. They'll be the ones that apply AI most consistently and at scale across the business.
- The physical vehicle is no longer the whole product. The software, data and services around it are becoming the real source of growth value.
- Cars are learning to understand the physical world. OEMs that fail to master physical AI risk becoming hardware suppliers to those that do.

Scale Trust

- Market entry may increasingly depend on access to trust, not ownership of it. Borrowed trust may outperform earned trust in the early game.
- Mastering cyber threats becomes table stakes. Protecting the entire mobility experience will likely separate leaders from followers.
- The next battle for customers might be won before customers even enter the buying journey. Agentic AI will likely be taking over.

Balance Tension

- The winners won't survive volatility. They'll monetize it.
- Five-year plans are increasingly colliding with five-month realities. The winners may adapt faster, not better, to volatility.
- Today's hunter is tomorrow's prey. By 2035, the most successful OEMs may not be those that teach emerging players, but those willing to learn from them on their own ground.

Accelerate Together

- Pride and legacy are becoming more expensive than partnership.
- The most powerful companies will not own the ecosystem. But they may become impossible to bypass.
- No company will be able to learn fast enough alone. Competitive advantage may increasingly depend on collective learning.

Last thoughts

Constant adaptation can become a substitute for giving strategic direction.

The more digital the industry will be, the harder differentiation becomes. What can be downloaded can eventually be copied.

Trust/Loyalty and brands are stronger in boardrooms than in customers' minds. By 2035, many brands will have disappeared without consumers even noticing.

The industry's obsession with China may become its next strategic blind spot. By 2035, quality again might matter more than speed.

The industry assumes collaboration creates resilience. In reality, resilience may come from reducing dependencies altogether.

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How KPMG can help

Strategy, deals and transactions

Whether entering new markets, optimizing portfolios or enhancing performance, KPMG professionals offer wide-ranging support for strategic decisions and transactions. KPMG professionals guide buy- and sell-side processes, develop turnaround strategies and help recover commercial costs across supply and customer chains. We help create long-term value — beyond traditional M&A.

KPMG specialist

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Technology and digital transformation

From AI-powered production to connected vehicles and digital platforms, KPMG specialists support the automotive industry in integrating emerging technologies. KPMG professionals help digitize manufacturing, enable data-driven decision-making and foster strategic partnerships with tech leaders. This helps ensure digital innovation and market leadership in a rapidly evolving environment.

KPMG specialist

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Digital sales and new retail

Today, a large part of the car buying journey is digital — and much of it happens on mobile devices. KPMG supports automotive companies in shaping this shift: from designing digital retail formats to integrating new touchpoints into physical dealerships. As many brands are not yet fully leveraging the potential of digital brand experiences, KPMG experts help close this gap with data-driven, customer-centric sales models that deliver seamless experiences both online and offline.

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Geopolitics and Sustainability

In an era of geopolitical shifts and rising trade barriers, tax and trade expertise is critical. KPMG specialists advise on optimizing global supply chains, leveraging R&D incentives and helping clients navigate cross-border compliance requirements — enhancing transparency, efficiency and competitiveness.

Sustainability is no longer optional — it's essential. KPMG specialists help automotive companies develop ESG strategies and meet regulatory requirements efficiently. KPMG specialists identify relevant regulations, assess risks and business models designed to address applicable requirements, strengthen resilience and pursue long-term value.

KPMG specialist

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Operations and Supply Chain

Automotive operations and supply chains are being reshaped by continuous disruption, growing interdependencies and the need for faster, more coordinated decision-making.

KPMG specialists help automotive companies navigate this complexity by strengthening resilience, operational agility and technology-enabled performance across the value chain.

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Methodology

About the research

This report is based on the 26th edition of KPMG's Global Automotive Executive Survey (GAES), a signature piece of research conducted annually to track strategic shifts in the global automotive industry. The 2026 edition focuses on how automotive leaders are managing several simultaneous disruptions at once, and what separates the pacesetters from the rest.

Research design

We employed a mixed-methods approach:

- Quantitative survey of 775 senior automotive executives
- Qualitative interviews with 9 senior KPMG automotive specialists and external industry leaders
- Desk research to contextualize findings with external data

The survey was conducted online and via telephone in June 2026.

Respondent profile

Roles



C-suite (CEO, Chairperson, President)



Other C-level



Senior executives (VPs, department heads)

Organization size

Ranged from mid-sized to large enterprises; turnover and employee count were not used as filters.

Ownership

Mix of public and private companies

Sectors

44% OEMs

40% Suppliers and dealerships

16% Mobility and financial services

Regions

Europe	ASPAC	Americas
330 respondents	**260** respondents	**185** respondents
43%	**34%**	**24%**

Qualitative interviews

We conducted in-depth interviews with senior industry leaders, including:

- **John Lawler**, Vice Chair, Ford Motor Company
- **Joseph F. Fadool**, President and Chief Executive Officer, BorgWarner Inc.
- **Venicio Marciano Monteiro**, President and Chief Operating Officer, DENSO South America

These interviews were thematically coded and used to validate and enrich the five Ts framework, alongside perspectives from KPMG's global network of automotive specialists. We would also like to thank Mr. Jürgen Rittersberger for his invaluable contribution to the report.

Analytical approach

Survey data was analyzed using comparative and correlation-based methods.

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Dr. Andreas Ries serves as the Global Head of Automotive at KPMG International, leading a group of over 8,250 member firm professionals across more than 30 jurisdictions. In his role at KPMG in Germany, he supports automotive leaders — from major OEMs to Tier-1 suppliers and mobility startups — in addressing their transformation challenges and focusing on performance and regulatory considerations. With over 25 years of experience in the automotive industry, and as the Lead Partner for one of Germany's largest OEMs, Dr. Ries possesses a profound understanding of the industry's complex challenges.



Petra Eileen Lichtenau
Senior Manager
Global Automotive Executive
KPMG International

Petra Lichtenau brings extensive experience across the Automotive and Industrial Manufacturing sectors, with a strong focus on future-oriented transformation. As a co-author of multiple KPMG flagship studies, including the Global Automotive Executive Survey, she collaborates closely with leading futurists and industry experts to explore emerging trends such as AI, virtual reality, resilience, energy transition, and disinformation. Her work bridges foresight and strategy, helping clients anticipate disruption and shape resilience.



Leonard LaRocca
Head of Automotive
Americas
KPMG in the US

Lenny has over 20 years of automotive experience and has led or been involved in some of the most important and transformational transactions in the industry. He has worked on hundreds of transactions for automotive corporate clients and private equity. His experience includes deep transaction experience in the automotive supply chain, OEMs, commercial vehicles, off-highway, aftermarket, and distribution. He has a significant amount of international experience leading numerous global complex transactions.

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Nicolas Nowicki
Head of Automotive EMA
KPMG in France

With over two decades of experience, Nicolas' areas of expertise include innovation projects, diversification strategies, distribution channels, pricing policies, commercial efficiency, after-sales, and services. Nicolas currently supports mobility players: automotive manufacturers, suppliers, distributors, and institutions in their transformation, organizational optimization and performance improvement projects.



Koichi Iguchi
Head of Automotive ASPAC
KPMG in Japan

Koichi has over 30 years of consulting and private equity experience, with deep expertise in the automotive sector. He has led numerous strategy, business due diligence, transformation and integration engagements, supporting clients in synergy creation, cost reduction and operational improvement. Prior to KPMG, he led investments at a private equity firm and worked hands-on with portfolio companies to drive post-M&A value creation. He also brings extensive experience in addressing strategic and operational challenges across the automotive industry.

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