



CREATING THE CAR BRAND OF THE FUTURE

The race is on between the disruptors and the legacy brands to navigate a new reality

ADVANCES IN AUTOMOTIVE technology are about to transform the role of the car in our lives. It is time for the automotive industry to take a step back and reassess what personal mobility will mean in the future.

On-demand driver service may have been the watchword for industry disruption over the past few years, but numerous emerging forces are redefining how we think about personal mobility – and transportation as a whole. From apps that integrate all forms of urban travel – from private hire to public transit routes – to advanced high-speed rail systems, companies big and small are reimagining mobility at a fundamental level. Whether the ambition is to whizz passengers cross-country at 800 mph, or simply to fill a hole in existing urban transit networks, disruption is happening to a mode of transport which has remained largely unchanged in its core concept for the past 100 years: the car.

As an industry under pressure from new technology and changing customer expectations, we are due to see automotive brands undergo a radical pivot in the years ahead. And as with any systemic change, the race is on to see who can most effectively and powerfully adapt to the new reality.

THE OPEN ROAD VS. FLEXIBLE LIVING

The romance of the car is at the very core of how we lived, and what we aspired to, during the 20th century. The freedom of the open road, self-actualization, personal liberty, and self-expression – cars have historically been nothing short of our personal avatars. To this day, there are plenty of enthusiasts who love cars as beautiful mechanical, sculptural, visceral objects.

Note the use of the word *enthusiast*. Mainstream interest in actually owning a car has been on the wane for some time: The UK Driving and Vehicle Standards Agency (DVSA) figures show that new license applications have declined by 28 percent over the past 10 years, while the University of Michigan has found a pattern of decreasing US drivers, going back to 1983. The context for these changes certainly include new economic and social circumstances, but in recent years it is the influence of mobile technology that has fundamentally negated many of the fundamental reasons for car ownership.

Ride-sharing and transit services have reduced the practical need for cars in an urban context, and the emotional ideals that once sold a car – the independence, status, and wealth that car ownership symbolized – are less relevant today than ever before. Flexibility and immediacy are more valuable – from streamed content to flexible working patterns, the immediacy of online shopping, and constant connectivity has redefined our values. In this light, the prospect of owning a car – complete with the responsibilities

of insurance, maintenance, commitment to financing a depreciating asset, and, of course, driving it – seems more of a burden than a benefit.

Responding to these shifts, industry figures are starting to articulate a new vision for the future of the car and mobility in general. In February 2018, an executive at one on-demand service based in North America said that it was the goal of his company to create comprehensive transport networks that would connect cars to subway networks, buses, bicycles – and autonomous personal drones.

A Japanese automobile manufacturer shares a similar vision: it is looking to the end of mass-market automobiles. Newly designed vehicles will do away with traditional car components (engine, fuel tank, drivers' dashboard), and be replaced by utilitarian units such as shared autonomous vehicles and goods transporters. Networked mobility will be combined with other types of utility, meeting almost every need. So the future may not be about beautiful bent sheet metal any more.

THE GREAT PLATFORM RACE?

However, this vision of the future presents a new challenge for established auto brands. If the cars of yesterday become the connected, self-repairing, autonomous transport units of the future, what brands and companies will provide them?

In the first instance, we could see a race for partnerships with leading platform apps to form portals for transport services. While this may secure a first-mover advantage, there is a risk of diluting and intermediating automotive brands to a commodity – not unlike the relationship we have with on-demand transport today. When you jump in the vehicle you have just called on your smartphone, do you notice (or care about) the make and model of the car any longer?

That shift in people's priorities puts carmakers at the mercy of commercial contracts for a transport network – a risky proposition. Suddenly, the car is a commodity bought by the thousand at razor-thin margins by mobility operators rather than by consumers willing to pay a premium based on an emotional connection to the product and the brand.

It does not sound like a great future if you are a car brand. But there is hope – and it depends on those brands' ability to deliver a unique end-user experience.

CAR BRANDS AS A SERVICE

There are few brands as well-defined as those in the car industry. Racing heritage, patriotic country ties, engineering standards, and even signature lines and colors are powerful brand attributes, which car marques have carefully cultivated through generations. However, repeating those attributes to future generations risks irrelevance.



But brand characteristics have a role to play. If they are set to compete or partner with platform businesses, strong brands have a chance to lever their reputations for continued relevance in the future.

The answer lies in a fundamental pivot for auto brands, in which they focus less on machines than on how they can help people make progress in their lives. By understanding their core users and the challenges facing them, carmakers may be able to transfigure their products into lifestyle services.

For instance, if leading US carmakers were to decide to build a multipurpose network could they repurpose their current sedan brand as a tool for orchestrating family logistics, time, and resources – a nanny-meets-housekeeper, automated and reliable?

Alternatively, a suite of executive services could live under the banner of a European luxury car manufacturer, providing a sleek platform for international business travel that manages a door-to-door journey in comfort.

In these scenarios, the vehicle itself becomes a nerve center for relaying and parsing information between a passenger and a wider ecosystem tailored to their needs. The engineering and mechanics of the car are married to a uniquely relevant interface that adds value far above and beyond the vehicle alone.

That vision of the future may sound like sci-fi, but it is grounded in today's innovations. First and foremost is data infrastructure being conceived and trialed in smart-city environments, such as the redevelopment planned for Toronto's Quayside district by a North American technology company. The infrastructure, technology, and architectural systems proposed by the tech company are geared to turn the region into a telemetry-rich network for a new wave of services. In the future, plugging into such networks will be crucial for automated cars and their associated services to come to life.

BUILDING ON TRUSTED FOUNDATIONS

But, as some of the backlash to these plans indicate, there is distrust of tech companies and their platforms, particularly when it comes to data. What will these systems gather, how will it be stored, and who gets to use it?

In this respect, auto brands may actually find they have an advantage of trust – we have long since trusted these companies with our lives on the road, after all. While groundwork is being laid for data to be gathered, arguably more urgent cultural groundwork is required to ensure the public is happy to provide it.

Automotive brands could find strength in numbers here, by drawing on the cumulative trust and benefits of several brands operating in tandem. In the family example mentioned above, an automotive platform could theoretically join forces with a leading retailer for grocery and clothing deliveries, whereas a business- travel platform could include airlines and hotels sharing travel points and offering seamless door-to-door transfers for users, with everything configured to anticipate and deliver exactly what is needed and when.

Suddenly, the car would be back at the center. A trusted, autonomous, intelligent device to enable peoples' lifestyles. A new must-have device: more than just a "car" – much in the same that a smartphone is so much more than a phone. Many car brands are beginning to see the opportunities over the horizon – the new jobs and roles they could perform in people's lives. But it is a leap – and the journey cannot start soon enough.

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