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Transport



Connected car: the biggest transformation in the industry

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The car industry is on the edge of undergoing the biggest transformation in over a century due to the exponential growth of the Connected Car market, where 90% percent of vehicles will have built-in connectivity by 2020.

The Connected Car Industry 2013 report, which Telefónica has published today, features contributions from eight of the world's largest car manufacturers and Machina Research to bring you a unique report analyzing the opportunity and the challenges that this eruptive market has. The report is organized in four strategic themes which underlie the Connected Car market.

On one hand, the Connected Car implies a much greater complexity in extras and personalization which increases the time a dealer takes to to get a car from sale agreement to delivery time as well as having implications on the dealers' cost of sale per vehicle and the type of sales and techniques required. However, the numerous advantages for dealers weigh out this complexity as well as defining a deeper and more interactive relationship between car manufacturer and owner.

Secondly, this market must take into account that consumers are used to a one-off payment when purchasing a car. However, just selling cars is no longer profitable for manufacturers and they need to develop innovative pricing models that provide the flexibility that consumers demand from connected services.

Also, the car manufacturing industry and mobile operators join forces to provide connectivity and a better understanding of building stronger relationships with the hyper-connected consumer to the automotive industry.



Finally, there is room for caution with respect to the market for apps due to security and reliability issues. The potential market for apps in Connected Cars will be notably smaller than the smartphone sector has experienced.

“In the further future, cars will come to you. They will take you where you want, and then you can just abandon them to go off to serve someone else. They will in effect offer a comfortable and socially inclusive form of public transport. This could even lead to buses disappearing from our streets [...]” - [Ian Pearson](#) (futurologist)



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