



# Strategy and success factors for new markets

## Mobility services in 2030

In 20 years, new mobility concepts in cities will make it necessary to create integrated mobility options. With an integrated mobility ticket, a person will be able to take the subway to work in the morning, ride a motor scooter through clogged streets to a lunch appointment and drive a car-sharing vehicle home in the evening. OEMs must decide how they will position themselves in these new markets. Independent competitors such as some car-sharing providers are already tapping this market potential. In 2009, the car-sharing market in Europe had already reached the €220 million level – and it is generating double-digit growth annually.

Matthias Bentenrieder,  
Stephen Weisenstein

For years now, value in the car business has been moving away from the simple sale of new cars toward service activities such as leasing, financing and after sales. Mobility services have given life to a new growth field in recent years, and this field offers new opportunities to OEMs, including in the creation of other profitable business segments. At the same time, however, this development also shows that the traditional vehicle market continues to weaken and that OEMs will have to work hard to avoid losing critically important customer-contact points. The car-sharing services of another OEM or the mobility ticket offered by a private bank could easily cause a customer to look in another direction.

### **New competitors become established**

As a result of the value shift from traditional car sales to the mobility market and the resulting increased use of electric drive systems, established automakers could potentially face future competition from new service providers in the auto market. These new competitors could include travel and tourism companies, energy providers, auto-rental companies, infrastructure providers and service brokers. New companies such as Better Place are emerging and are securing important market segments with and without OEM partnerships. To systematically initiate partnerships or enter target markets, a mobility-service strategy must be developed.

### The strategy for 2030

The mobility markets of the future must be examined from a total-strategy perspective. Which markets have the potential for future mobility services? This applies not only to mature, established markets in Europe and the United States, but also to rapidly growing markets, including the BRIC countries. Customer priorities differ broadly from country to country. In some markets, car ownership will continue to play an important role. In other regions, car usage provided by intelligent mobility concepts will be the critical issue. Once customer segments have been examined and future customer priorities in regions,

»Automakers must energetically and systematically conquer the new mobility markets in order to sustainably reinforce their current customer relationships.«

metropolitan areas and rural locations have been analyzed, a variety of mobility concepts as well as new services or completely different business designs will be developed to reflect the OEMs' own capabilities and resources. If the aim is to become an integrated mobility provider, partnerships with other mobility service providers should be initiated.

### Success factors in car sharing

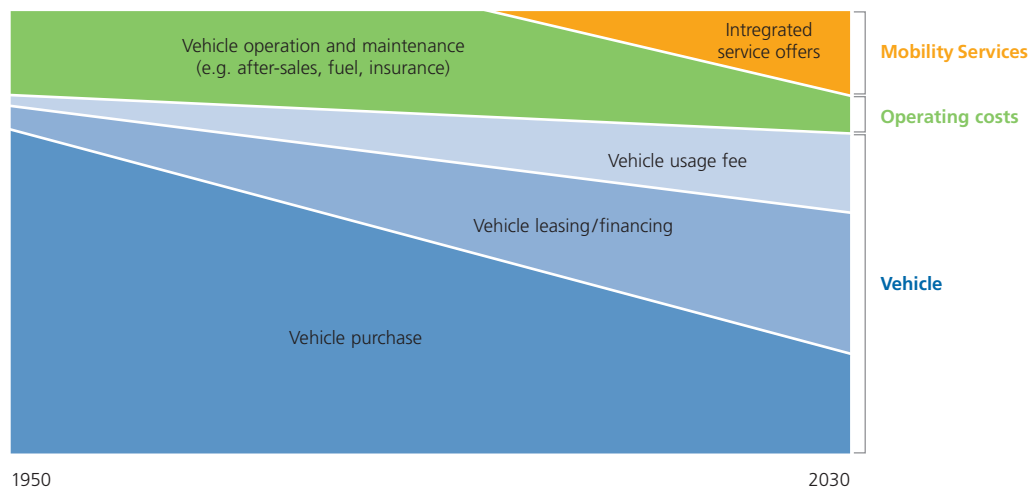
In a study and in various projects, Oliver Wyman has examined the success factors of car-sharing business designs as a sub-segment of the mobility-services market. The critical success factors can be broken down into three categories: In the first category – the profit model – the critical factor is the combination of rapid growth of users and public-sector support, including parking places. The second fundamental category is the systematic selection of locations. Big cities, where a dominant position can be achieved quickly through rapid growth, are promising. Good interfaces with public transportation and available parking places are critically important.

The third success factor is for the product to clearly focus on selected target groups. Studies should closely examine customer needs. A combination of normal car sharing (the driver returns the vehicle to the place where he or she obtained it) and one-way car sharing is the most promising approach. The car-sharing services must be attractively priced as well. Geographic factors will decide which price model is the most successful. Generally speaking, noncommitment options are more successful. At the moment, business designs in selected cities have been set up primarily for private customers. Similar options for business customers are conceivable for the future.

There is extensive potential for profitable growth in both car sharing and the overall mobility-service market. OEMs must tap this potential at an early stage and establish a sustainable position in this market.

### Value migration car business

Customer expenses 1950-2030



Source: Oliver Wyman