

What will fuel the auto sector in the next ten years?

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The future of the auto industry in the next 10 years lies in responding to the new sociodemographic needs and focusing on growth in the emerging countries



Long-term dynamics

Demographics will determine buying patterns

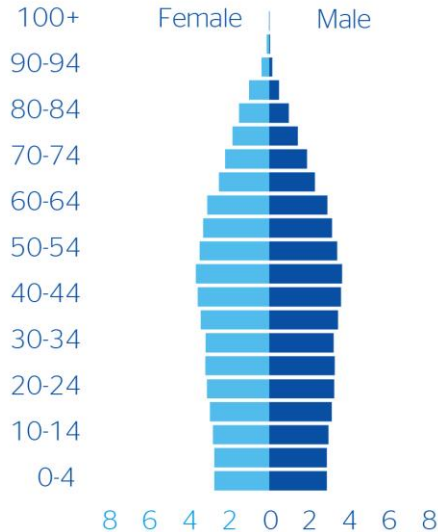
As population matures and ages,
young people are no longer predominant

Urban population to double and reach almost
4 billion by 2025,
leading global activity

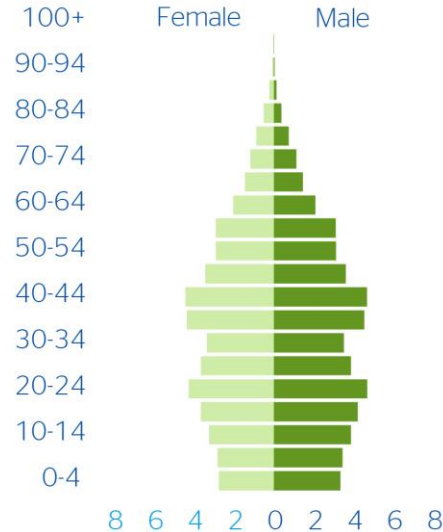
2.5 billion new middle-class between
2000 and 2025, up to 60%
of total population

The composition of populations are changing

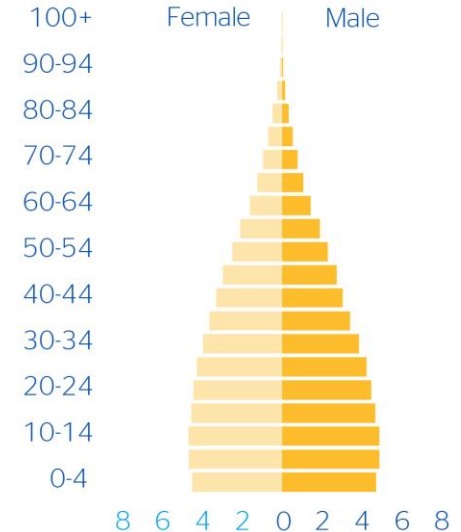
G7



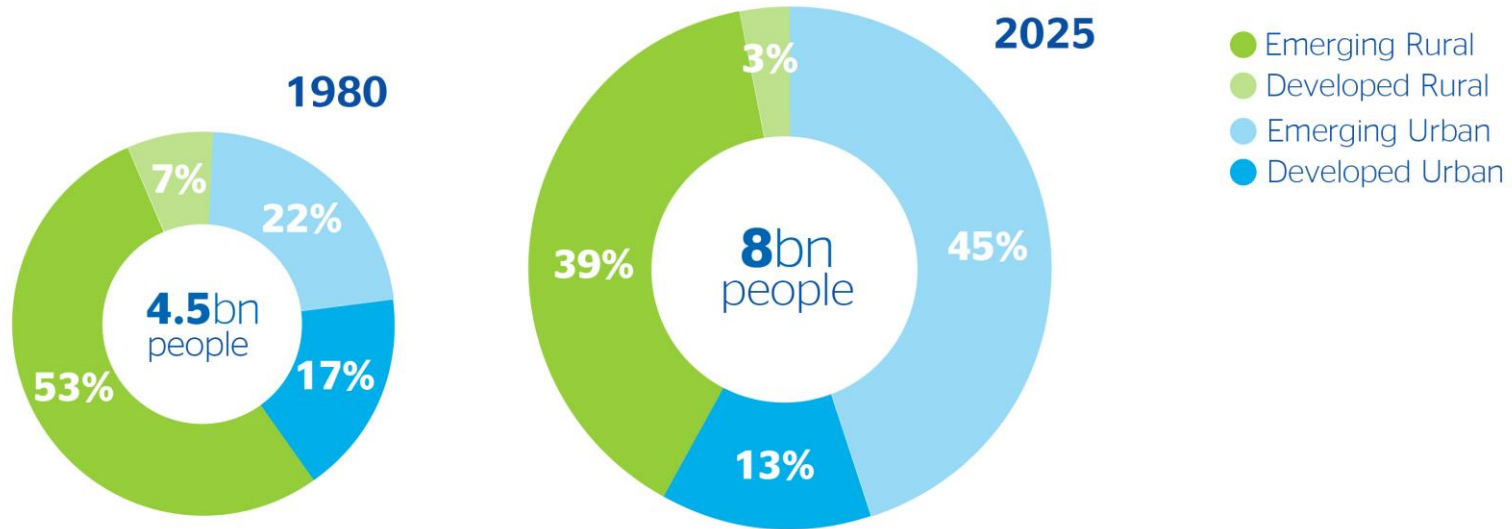
China



Latin America

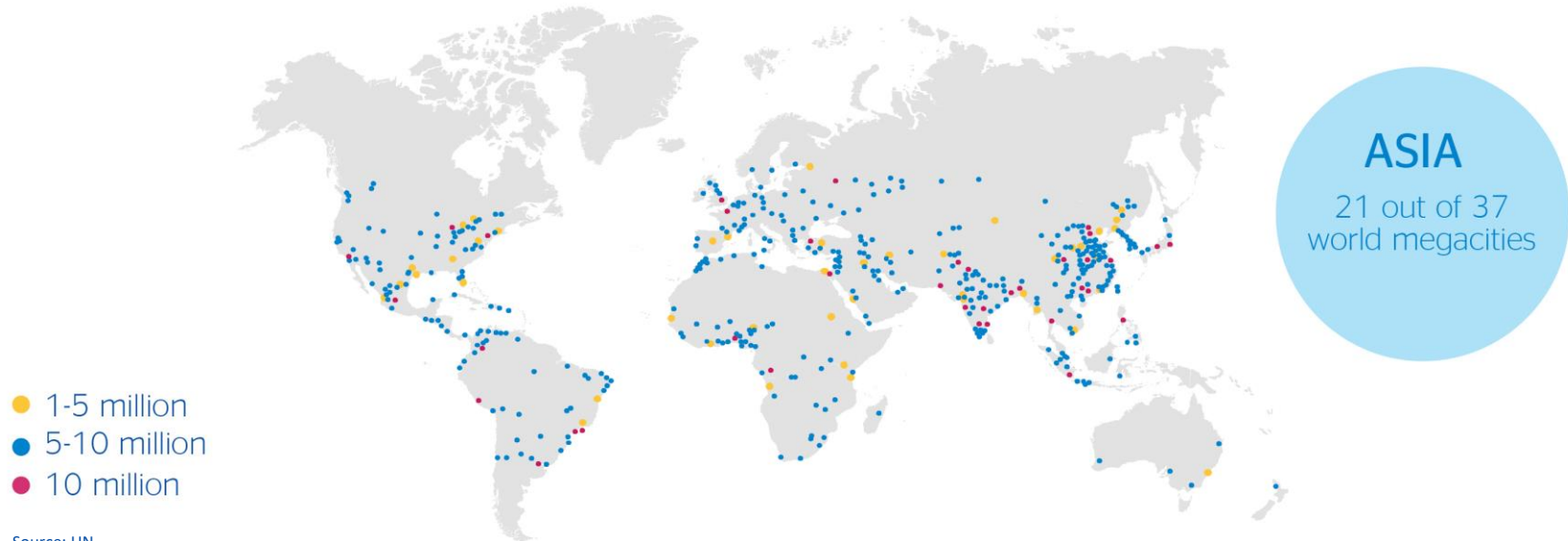


Over 50% of the world's population will live in urban areas



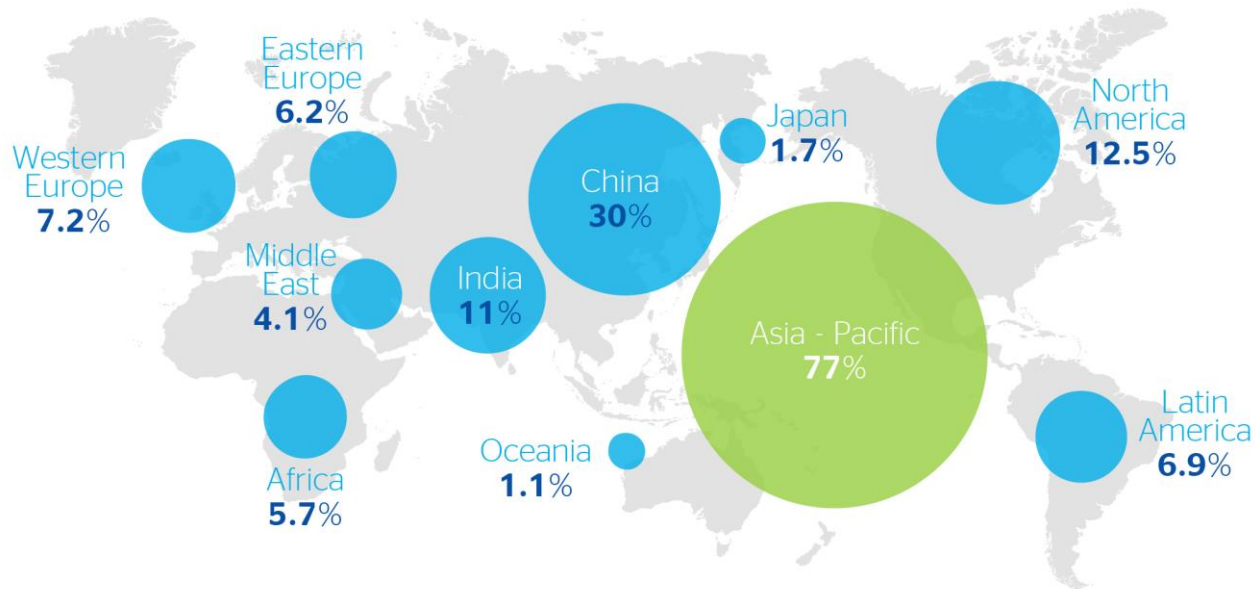
"EAGLEs Economic Outlook. Annual report 2013", March 2013
 Source: UN

By 2025 there will be 37 megacities, most of them in Asia



Source: UN

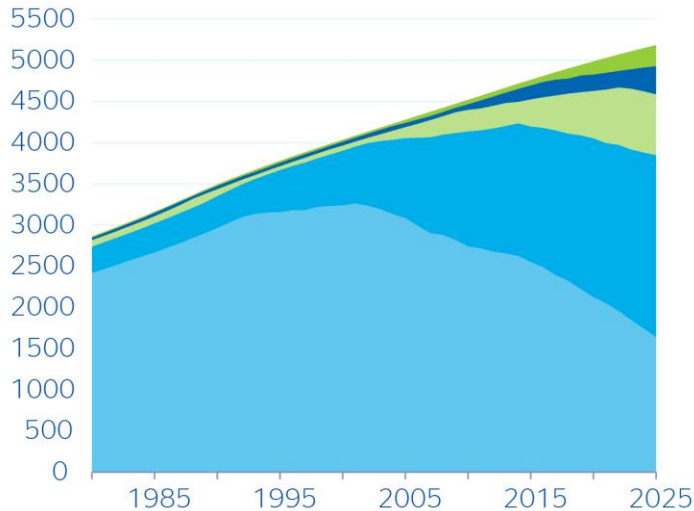
The “axis” of the world is changing



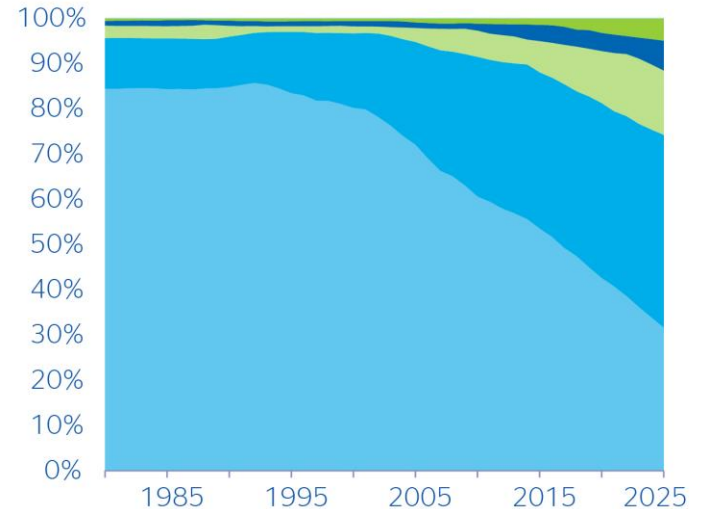
Source: BBVA Research, IMF/WEO

The middle classes are becoming predominant in emerging countries

Population (millions)

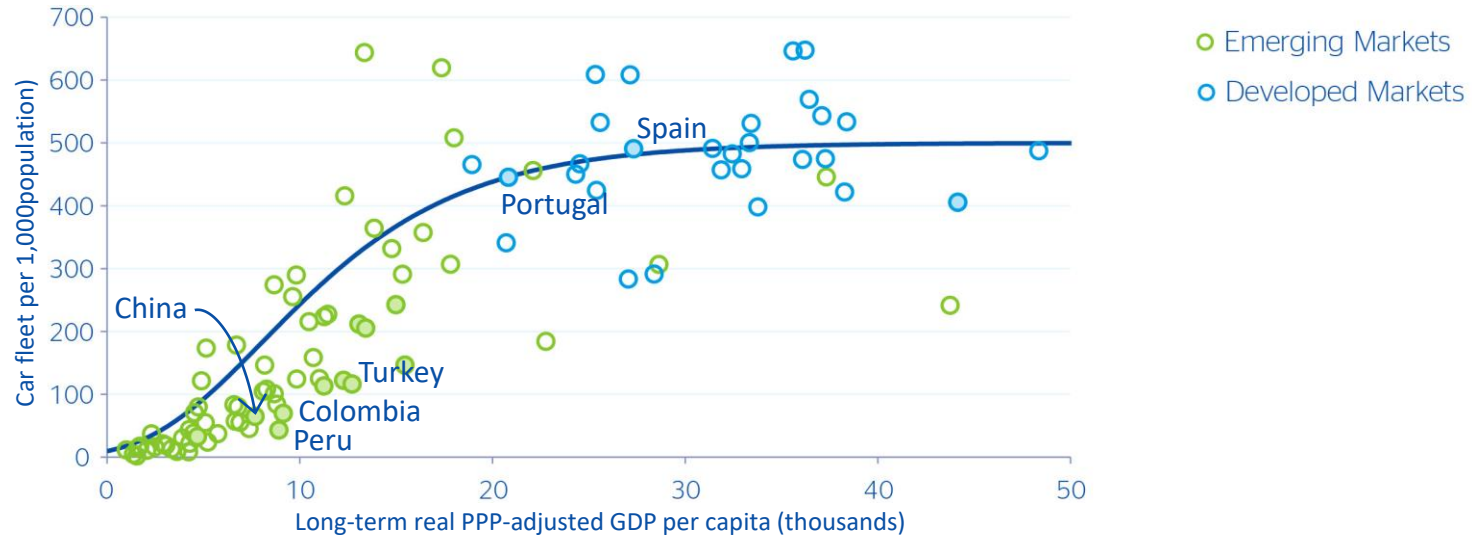


Population (%)



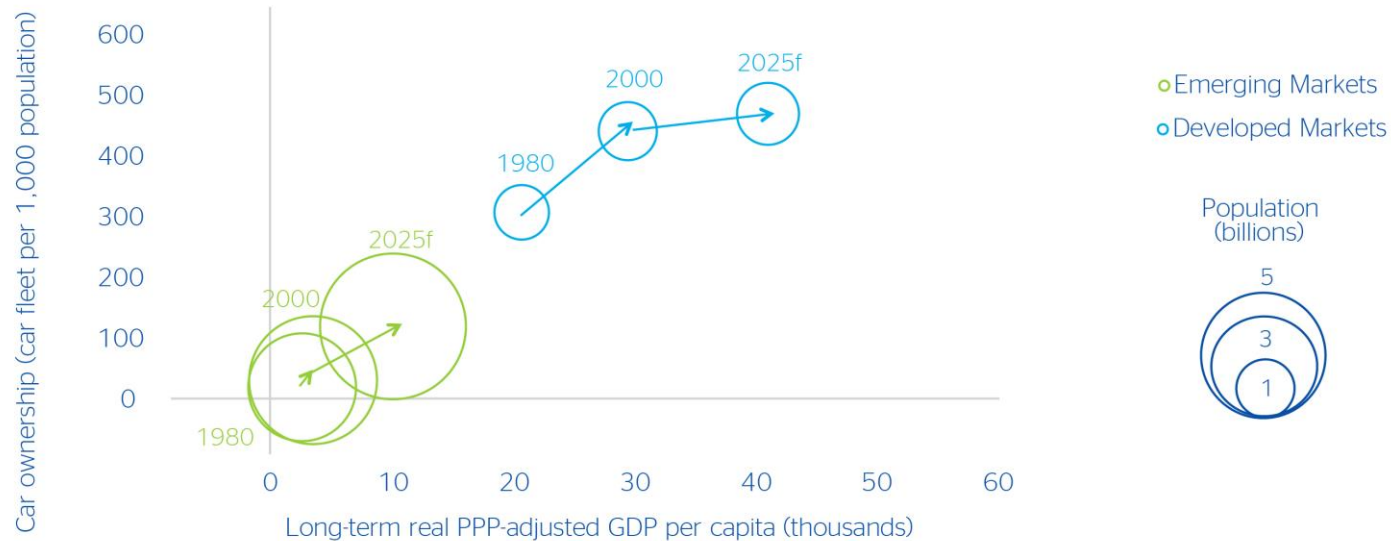
Source: BBVA Research, World Bank, UN

Car ownership and economic development: current situation



Source: BBVA Research, World Bank, UN

Car ownership and economic development: in the next 10 years



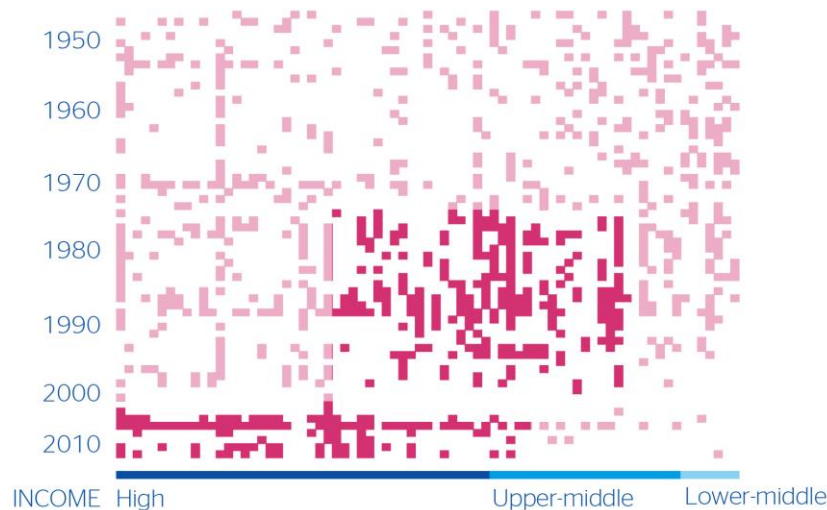
f: forecast
Source: BBVA Research



Short-term dynamics

The current crisis has hit developed countries hard

GDP per capita decrease

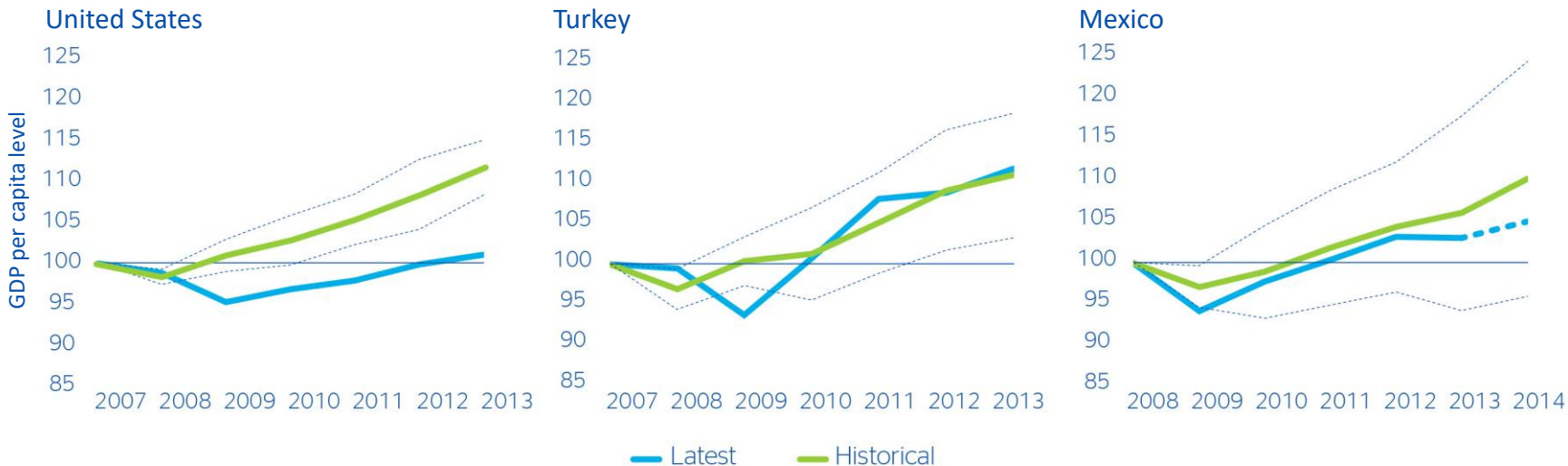


Source: BBVA Research, IMF, World Bank

80s-90s	Current crisis
Countries below the highest level of income	Highest-income countries
Long-lived	Not ended

Each country is exiting the crisis differently

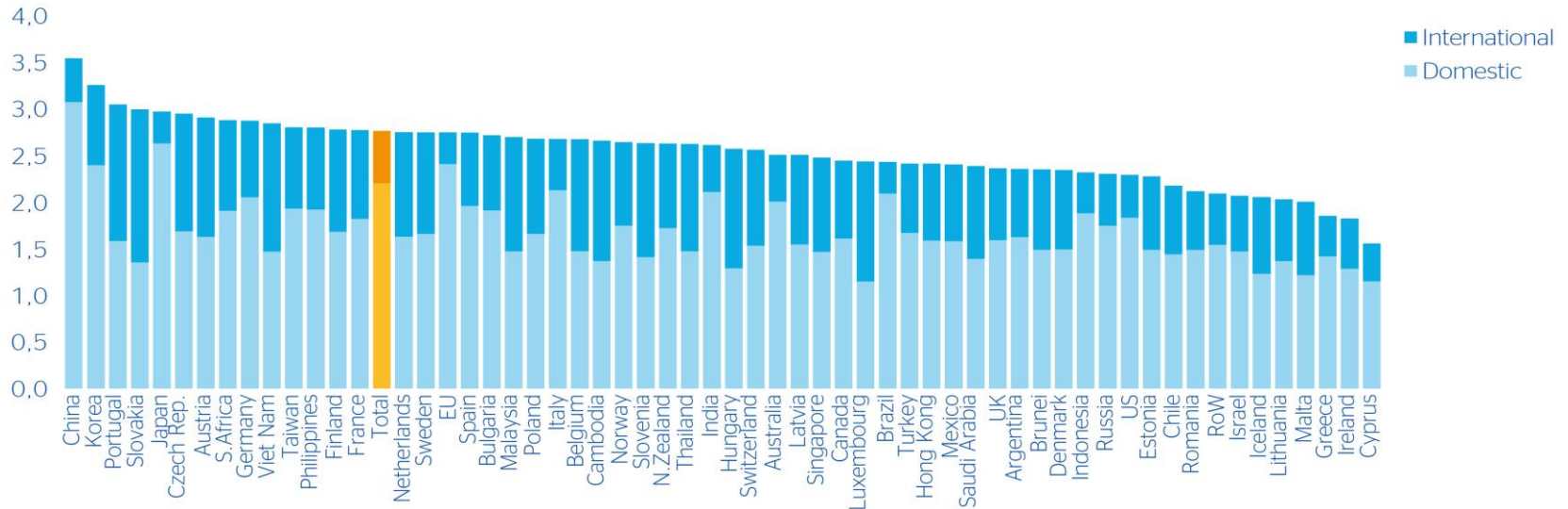
Economic growth (cyclical comparison)



Source: BBVA Research, World Bank, IMF and Angus Maddison

Trade protectionism unlikely on potential counterproductive effects (automobile)

Index of the number of production stages for transport equipment by country (2009)

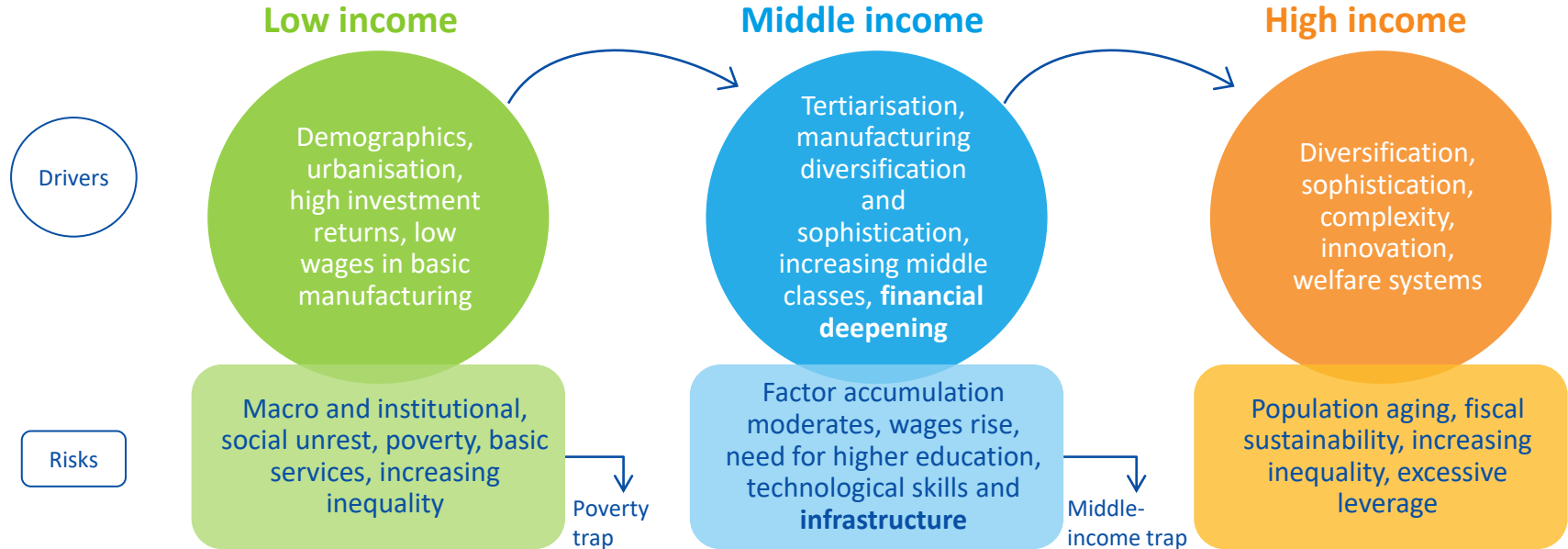


Source: OECD



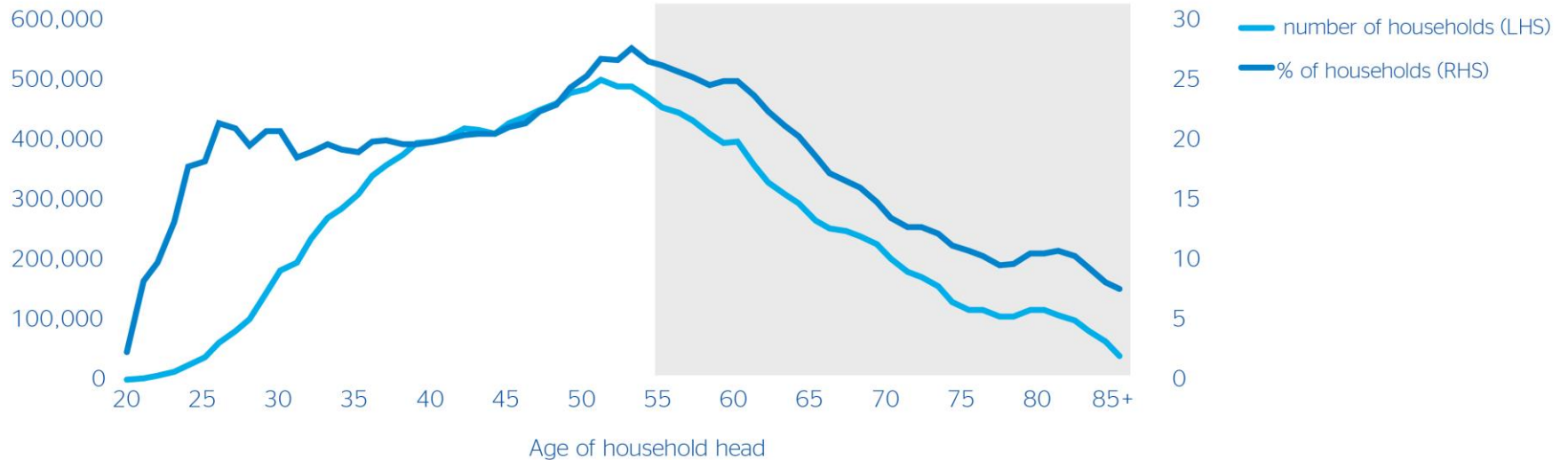
Challenges for the industry

Findings and lessons from income transition in the countries



Keeping younger customers; increasing older ones

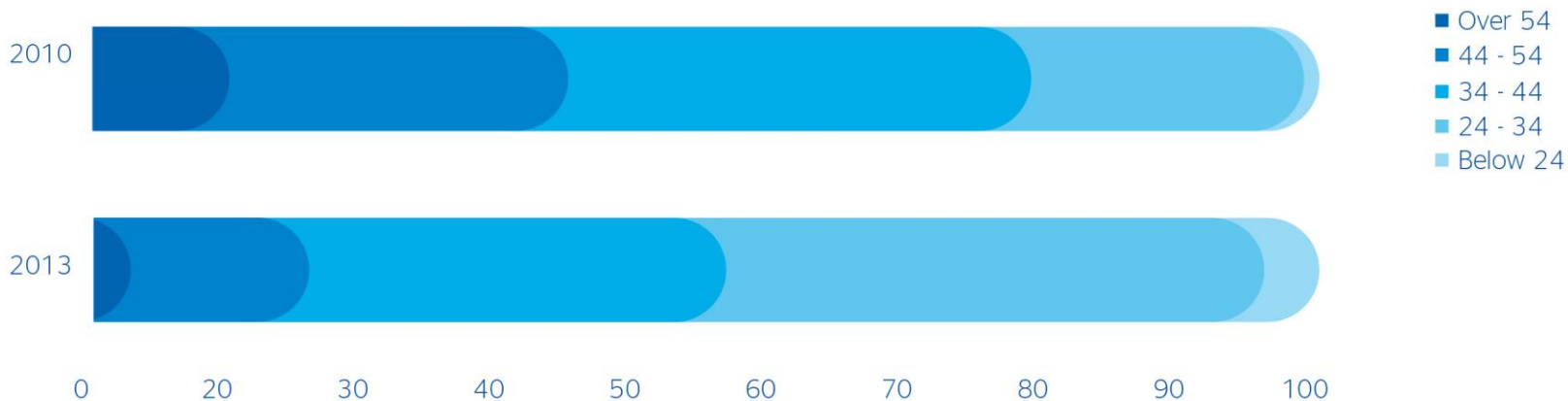
Spain: distribution of vehicle-purchasing households by age of the head of the family (2013)



Source: BBVA Research based on INE

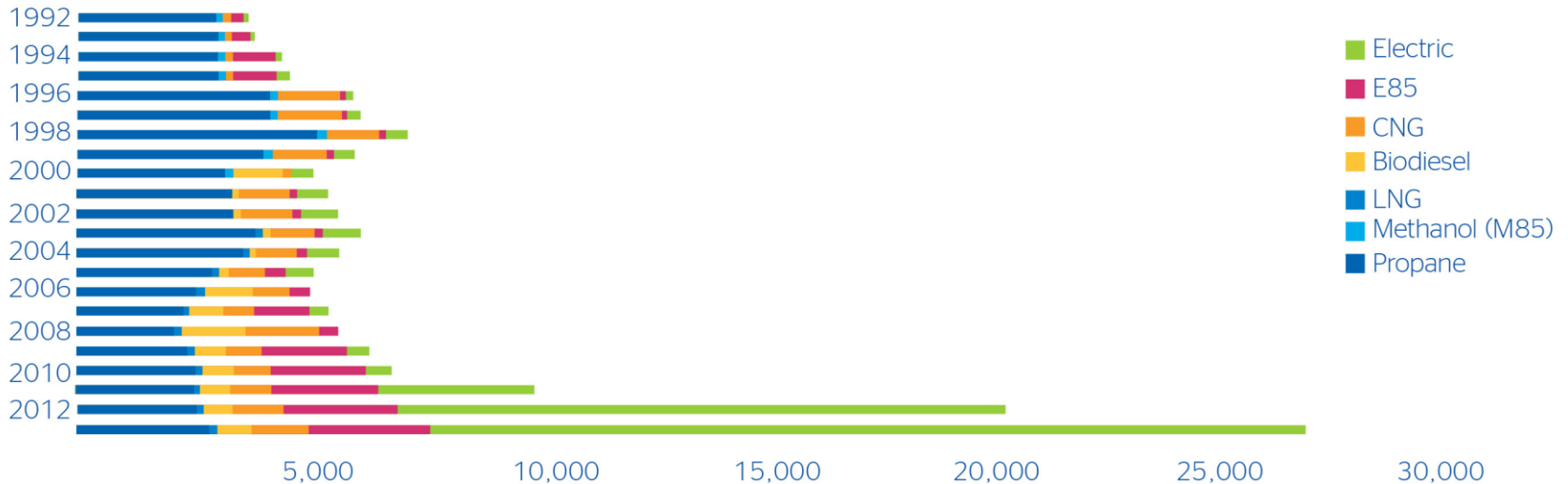
What do new consumers want?

Survey: composition of car purchasers by age group (% , China)



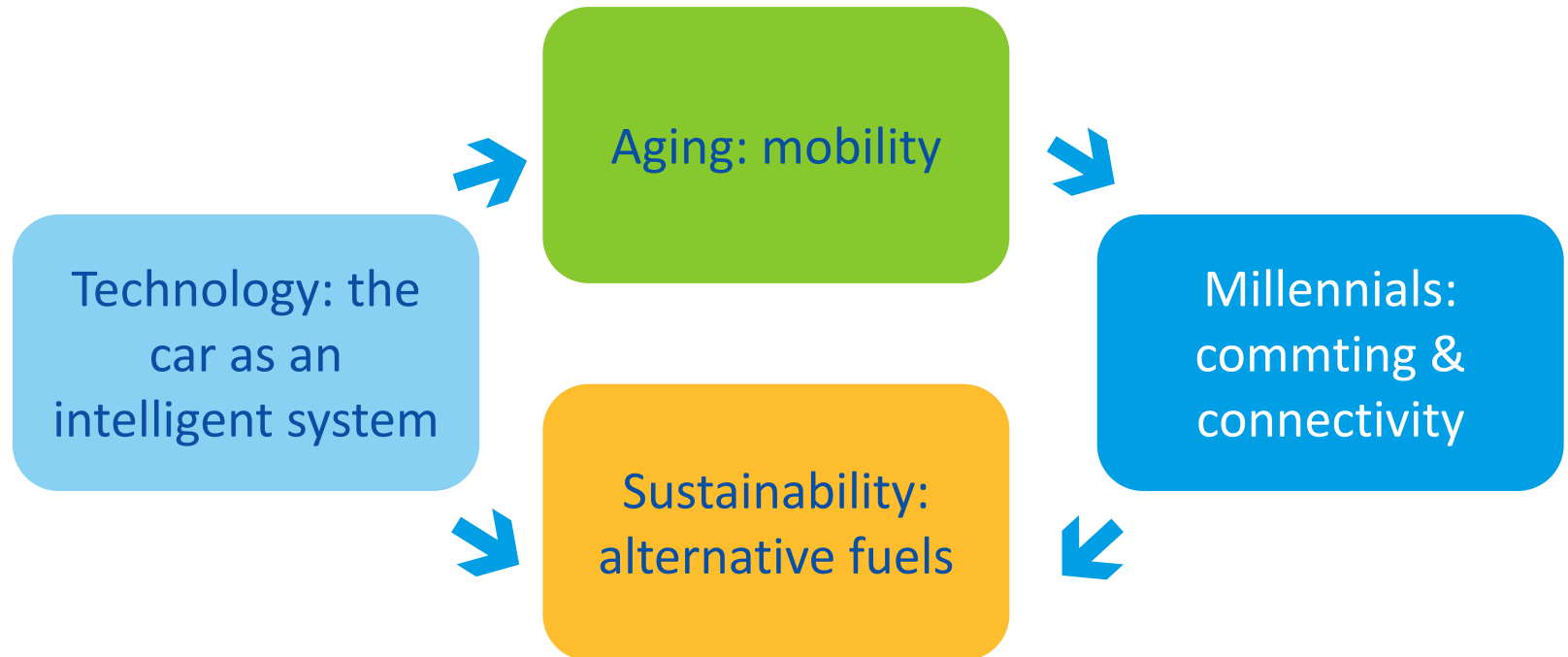
Environmental issues

Alternative fuel stations in the US



Source: Alternative Fuels Data Center (AFDC)

More than mechanical sophistication



A blurred background image showing two people in a professional setting, possibly a meeting or office. The person in the foreground is seen from the back, wearing a light-colored shirt. The person in the background is a woman with dark hair, looking towards the camera with a slight smile. The overall tone is professional and collaborative.

Conclusions



Conclusions

Demographics are key to the evolution of the industry

The expansion of the middle class in emerging countries will result in an explosion in the sector

Relevance of the automotive sector: competitiveness

Technology as a environmental challenge

In the next 10 years, the industry needs to focus on the emerging countries, given the expansion of the middle classes and their development into more urban societies; it faces challenges in technology, the environment and changing tastes

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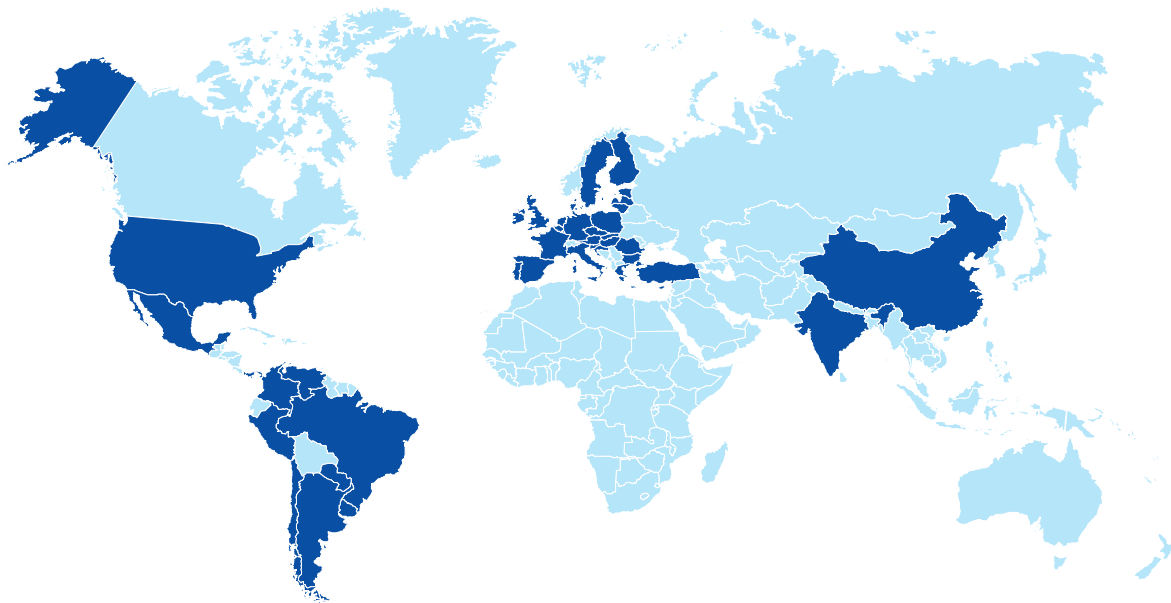
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