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Profitability key to industry in 2010

Executives in the auto industry confirmed that the business is still hurt by a recessionary 2009 that left high rates of unemployment (especially in the US), a visible retraction of access to credit and a lack of transparency on new market rules.

Given this not very encouraging forecast, all the executives that participated in the KPMG's 11th Global Auto Industry Annual Poll considered that profitability will be the key factor for 2010.

According to the poll's results, only 25 percent of the people polled expect an increase in their incomes, while 40 percent considered that incomes will be the same as last year's, and 33 percent expect them to fall.

In spite of these numbers, the 200 executives surveyed answered that the auto industry will recover and stabilize within five years as they also foresee new investments and good potential growth for the future of the business.

The head of the KPMG's auto sector, Gary Silberg explained that "this year's poll results are much more enthusiastic than last year's. Nevertheless, I'm sure that after a shaky year like 2009, executives will stay cautious and keep their eyes on the cash-flow as well as on controlling expenses and costs."

Based on the poll's results, one can say that the main challenges for the auto industry to come are: the development of new technologies (85 percent of the polled), development of new products (84 percent), and the costs reduction (80 percent).

After the aforementioned results, Diego Medone, KPMG Marketing & Communications Director for Latin America, indicated that "Argentina's technological advancement, cheap labour, convenient production costs, and some other advantages provide the country with numerous opportunities to become a great exporter. Thus, some of the largest automakers in the world are manufacturing their models at local plants. Under such scenario, it will be important for Mersosur countries to lead commercial approaches and unify efforts in order to provide international markets."

Asked about which brands will dominate the market share within the next five years, the executives agreed to mention Chinese and Indian automakers followed by some other brands like Kia/Hyundai, Toyota, Honda, and Volkswagen.