

# Car manufacturing costs rise as players continue to consolidate: Apple and Google now pose a serious threat to manufacturers

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## Abstracts

Car manufacturing costs rise as players continue to consolidate: Apple and Google now pose a serious threat to manufacturers

### SUMMARY

The cost of manufacturing cars has been on the rise in recent years as rising commodity prices coupled with increased protectionism is making the acquisition of key raw materials more expensive. On top of this the impending arrival of Google and Apple will further strengthen rivalry in the industry.

### KEY HIGHLIGHTS

Players in the car manufacturing industry have been under great pressure in recent years to manufacture vehicles that are more environmentally friendly.

In 2016 Mercedes head Dieter Zetsche for example stated that his company now sees tech giants such as Google and Apple as its main rivals and threats rather than Audi or BMW.

The emergence of huge tech giants into the car manufacturing industry means that the traditional players like Ford and Toyota will no longer be the behemoths they once were as far as players within the car manufacturing industry are concerned.

## SCOPE

Explores the reasons why the price of manufacturing are rising

Explains why key commodities such as cobalt and lithium are witnessing rising prices

Analyzes the ways in which players are responding to rising costs

Explores what impact the arrival of tech giants into the car manufacturing industry will have

## REASONS TO BUY

What are the reasons for the rising prices of key commodities like aluminum, lithium and cobalt?

Why are players operating in this industry worried about the entry of tech giants?

How are players responding to rising costs in manufacturing?

## Contents

Overview

Catalyst

Summary

Rising commodity costs and protectionism make car manufacturing more expensive

Eco-Friendly legislation boosting demand for pricier aluminum as players bid to reduce car weight and emissions

Growth in electric cars strengthens demand for increasingly expensive commodities like Cobalt and Lithium

Protectionism resulting in players paying more for key manufacturing components like steel

Players responding to rising costs by entering partnerships and introducing robots

Consolidation in the industry intensifies as manufacturing costs continue to rise

Joint ventures with Asian partners will intensify as demand for cars in West stagnates

Robots taking over as labor becomes increasingly scarce

Cooperation between car manufacturers and tech companies will grow

Threat of tech giants Apple and Google forces players to adapt

Strong financial power of tech giants will result in further consolidation

Conclusions

Consolidation in the car manufacturing industry to continue

Arrival of tech giants coupled with rising manufacturing costs intensifies rivalry in the industry

Appendix

Sources

Further Reading

Ask the analyst

About MarketLine

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## List Of Tables

### LIST OF TABLES

Table 1: Car manufacturers and tech giants ranked in terms of Cash from Operating Activities, \$ millions, 2017

## About

Cost of manufacturing cars has been on the rise in recent years as rising commodity prices coupled with increased protectionism is making the acquisition of key raw materials more expensive. On top of this the impending arrival of Google and Apple will further strengthen rivalry in the industry.

### **Eco-Friendly legislation boosting demand for pricier aluminium as players bid to reduce car weight and emissions**

Players in the car manufacturing industry have been under great pressure in recent years to manufacture vehicles that are more environmentally friendly. As awareness of climate change has increased governments around the world especially in the US and the EU member states have enforced greater restrictions on car manufacturers. In a bid to make their vehicles more fuel efficient and reduce their emissions, car manufacturers have sought to utilize materials that are lighter.

The most prominent example is the increased usage of aluminium whose lighter weight as compared to steel means cars end up using less fuel when being driven. Aluminium however also costs more than steel. Meanwhile the growth in demand of electric vehicles has also boosted demand for commodities such as lithium and cobalt which are imperative in the battery making process. The strong growth in demand for aluminium, lithium and cobalt has driven their prices up immensely. On top of this, protectionist measures increasingly imposed by governments on the import of aluminium and steel have driven up prices further. As these prices have increased so have production costs.

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