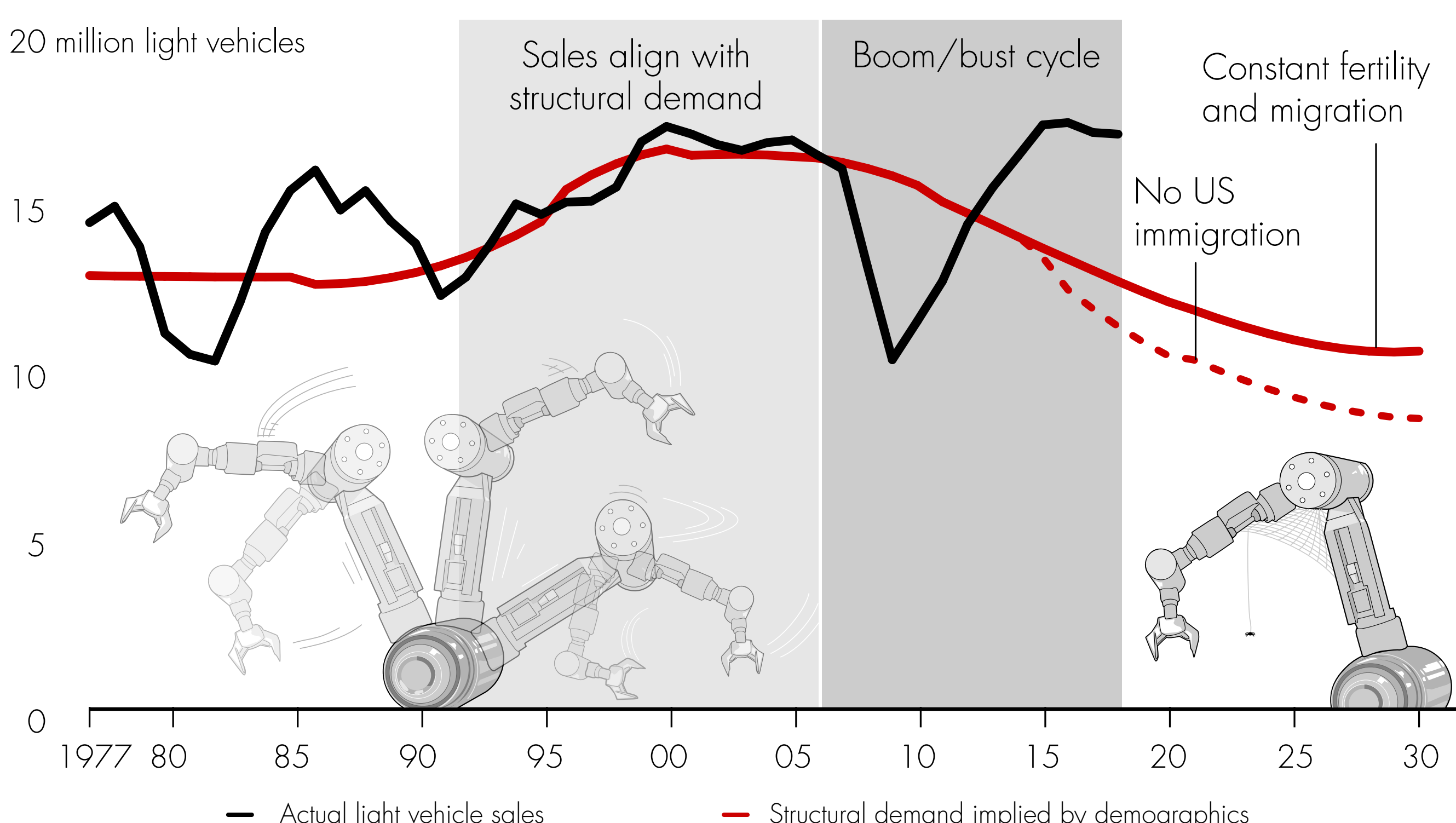


Automakers Face a Demographic Time Bomb

The industry is facing an uncertain future, but companies can still make smart bets to succeed.

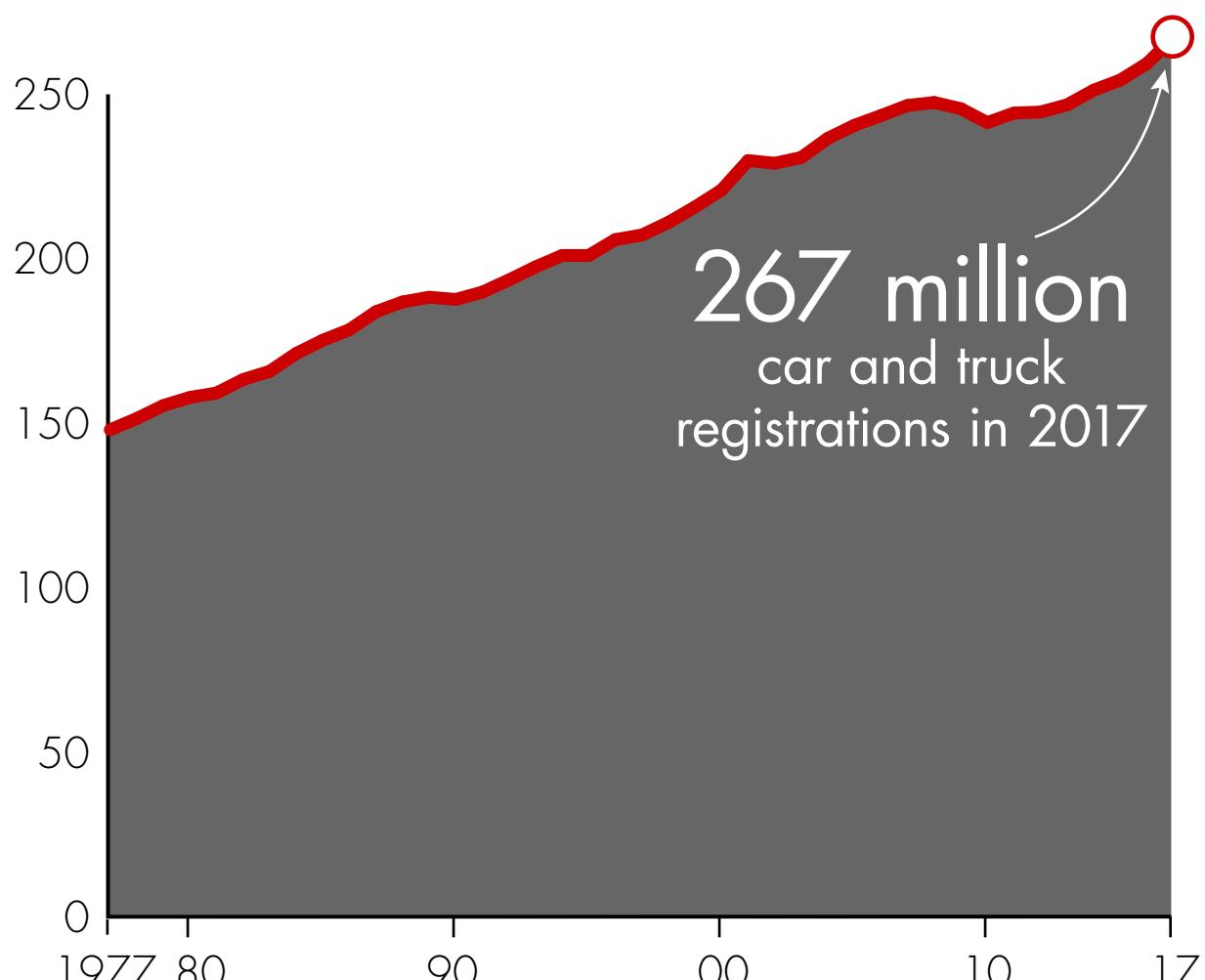
Demand for autos has declined in the US

By the mid-2020s, US light vehicle sales could fall to the same level as in the 2008–09 recession.



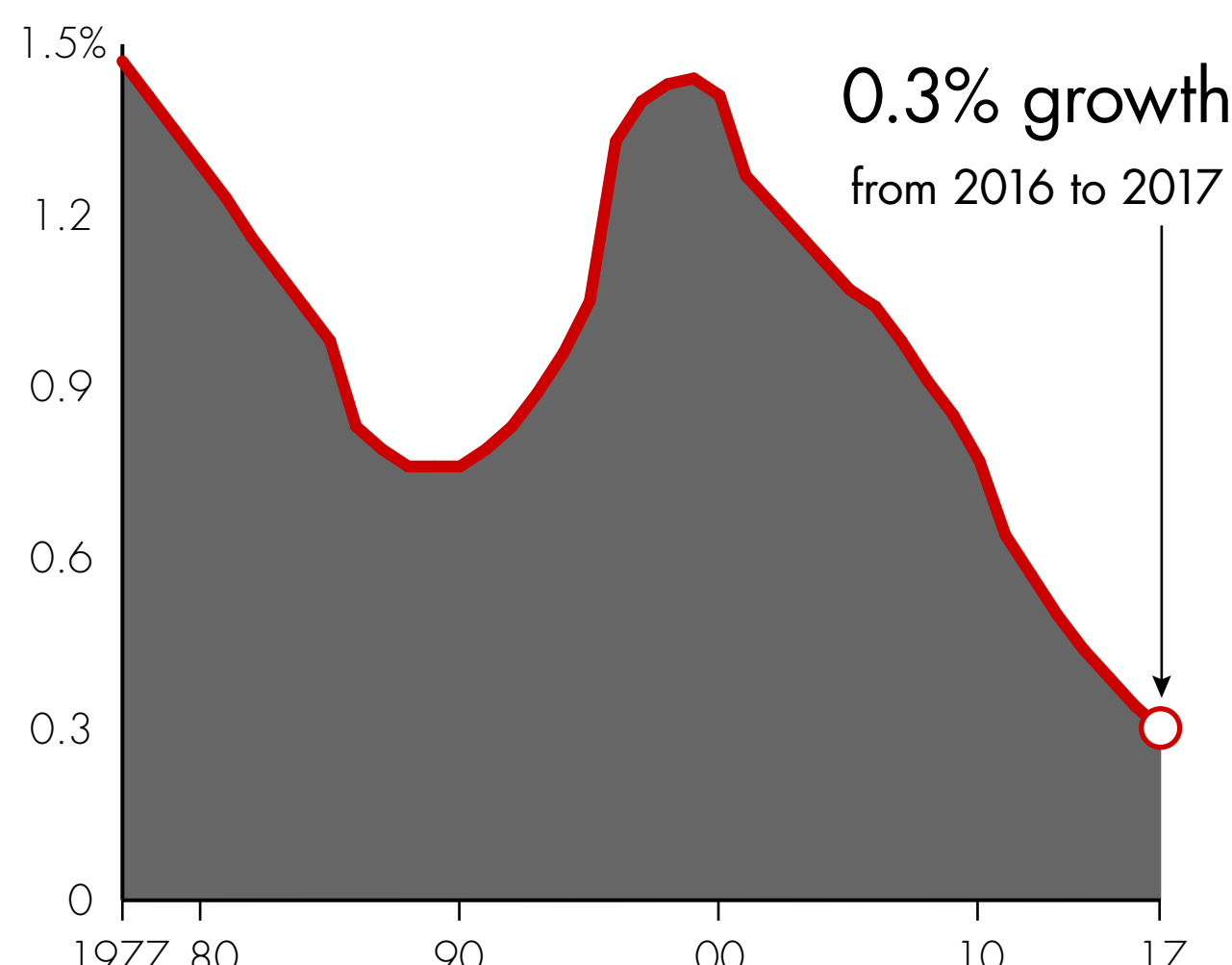
While drivers age 15 to 64 propel demand ...

Car and truck registrations (millions)



... growth of this key demographic is rapidly approaching zero

Percentage change in population growth from the previous year

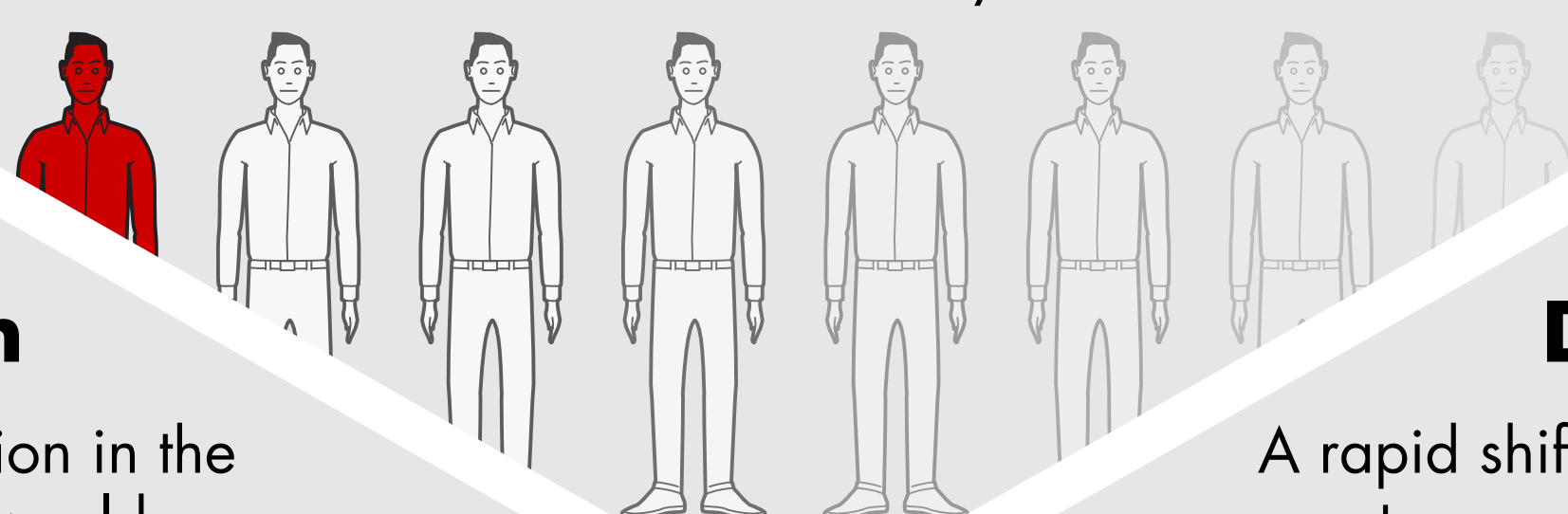


The triple threat facing automakers

The demographic shift is just one of three grave challenges automakers face.

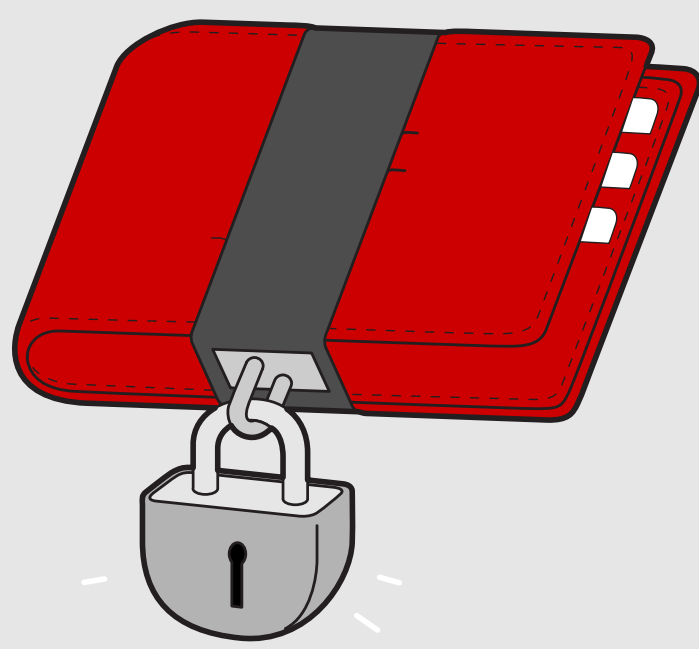
Demographics

The number of new car buyers will fall.



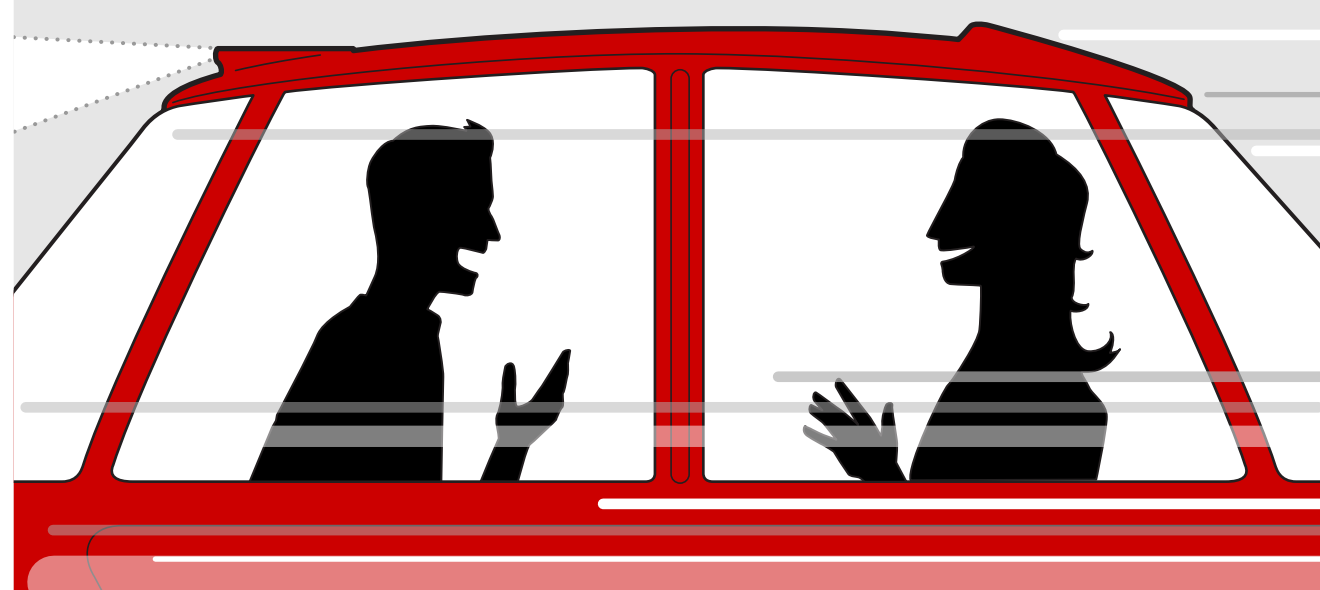
Recession

A likely recession in the coming years would dampen demand.



Disruption

A rapid shift to electric and autonomous vehicles and shared mobility services looms.



Automakers can adopt a strategy for uncertain times

The leaders of the next era will be able to pivot quickly and get out in front of change.

No-regret moves

Cut costs today to improve a company's resilience and generate benefits under any scenario.

Engine 1 vs. Engine 2

As the core business declines, develop an "Engine 2" to pave the way for a smooth transition.

Big bets

Timing is critical for large-scale investments. Wait to pull the trigger until it's clear which scenario is most likely to play out.

Options and hedges

Develop strategic options for specific scenarios. Avoid betting on every square to avoid the risk of underinvesting in all options.

Read more:

[A Triple Threat to Automakers: Recession, Demographics and Disruption](http://www.bain.com/automakers-triple-threat)
www.bain.com/automakers-triple-threat

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