

# Automotive Digest

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## Where the Auto Industry Should be Going

IDEAS & STRATEGIES FROM FORWARD THINKING INDUSTRY



### PART III: Auto Industry in Transition

#### Market Predictions for the Big Three Automakers

*Commentary and Opinion by Philip Moorcroft*

What's in store for the Big Three automakers in the next few years? Economists are making rosy predictions about the U.S. economy and this will likely have a positive impact on the automotive industry.

Expect overall vehicle sales to increase starting in 2010. Ford will likely continue to gain in market share and they will continue to scale down their massive debt through increased efficiencies including bringing more of their European models to the U.S., developing more flexible plants that can build several vehicles and scaling back on their total number of nameplates.

GM and Chrysler will be leaner and more efficient with a continued focus on cost reduction through the elimination of non-performers, a tighter, more cost effective dealer network and a more consumer-focused strategy. Eliminating market losers and reducing the total number of dealers will reduce cannibalism, improve cost structures and ensure competitiveness.

Due to both tighter government restrictions and consumer demand, all three will sell more fuel-efficient vehicles. Ford will continue to improve in terms of overall customer satisfaction and will make efforts to dethrone Toyota as the top auto manufacturer in the U.S. Whether this is realistic remains to be seen. Ford still has a massive debt to deal with.

It is likely that the worst is over and the Big Three will survive, and hopefully prosper in the near future. Let's hope the hard lessons learned will not be wasted.

End of series.

Philip Moorcroft is the CEO of **MGPS**, a Toronto-based management consulting firm. He is also a former senior financial analyst for PricewaterhouseCoopers. Visit [www.mgps.com](http://www.mgps.com) for more information.