

Resources

Dykema Releases Results from 2012 Automotive Industry Survey

Auto Industry Continues Recovery, but Supply Chain Issues, Threat of Class Actions and Privacy/Security Issues Related to Connected Vehicle Technology Pose Serious Challenges

October 19, 2012

The Dykema Automotive Institute has just released the results from its 2012 survey of the auto industry. This survey, themed “State of the Automotive Industry,” provides a comprehensive look at the key issues and challenges that face automakers and suppliers in the coming year. [Click here to see the full results of this survey.](#)

The survey reveals top auto executives’ current perspectives on a broad array of issues that directly impact their business. Respondents provided insight into:

- Mergers and acquisitions activity (both current and projected)
- Class action litigation, and what’s being done now to protect against future claims
- Privacy and security consequences of emerging new connected vehicle technologies
- The strategic realms that are likely to command key legislative attention
- Current approaches to supply chain management

Aleks Miziolek, Director of Dykema’s Automotive Institute, observes that the survey shows “that while the automotive industry is emerging strongly from the depths of the global recession, there are many challenges still on the horizon for automotive executives that may impact the long term success of the industry. We believe these results will inform and help guide OEMs and suppliers as they tackle these challenging issues.”

Among the survey’s key findings:

- **Raw material costs pose the greatest challenge ahead to supply chains, according to 39 percent of respondents.** Meanwhile, 21 percent of respondents list banks’ limited financial lending to auto companies as the biggest challenge, while 19 percent reference financially troubled suppliers. Only 13 percent of respondents overall say labor union issues are the primary challenge.
- **The auto industry is not fully prepared for another natural disaster.** In the wake of the March 2011 tsunami that hit Japan, the Evonik fire and other recent natural disasters that have impacted the automotive supply chain drastically, 41 percent of respondents stated they have not instituted crisis management teams to be used under Force Majeure.
- **Class actions remain a real source for concern, particularly for OEMs, due to their potential to adversely affect an automotive company’s brands, corporate reputation and bottom line.** Twenty-two percent of respondents, most of them OEMs, report an increase in class action lawsuits in the past two years. In addition, 58 percent of those surveyed confirmed their organizations have taken steps in the past two years to try to reduce their exposure to class action litigation.
- **Distracted drivers are but one of several concerns related to the expanding development and use of connected vehicles technology.** While more than half of respondents identify distracted drivers as the biggest prospective liability issue with connected vehicle technologies, 52% of respondents say the prospect of unauthorized use of data is a key privacy issue. Also, one in four respondents worry that consumers could reject technology, such as vehicle tracking, owing to privacy concerns.
- **The top legislative issue for 30 percent of automotive companies is energy and environmental legislation.** Twenty-six percent say the main issue is transportation legislation, followed by tax reform (15 percent).

A host of Dykema attorneys contributed to the development of this survey and the follow-up analysis and interpretation of results. We invite you to contact them directly, should you have any follow-up questions.

Dykema Releases Results from 2012 Automotive Industry Survey (Cont.)

- Class Action Litigation and Products—Fred Fresard, Terri Reiskin
 - Intellectual Property—Eric Fingerhut, Mike Stolarski
 - Legislative—Andy Buczek
 - Conflict Minerals—Rick McDonald
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